



EUROPEAN NEWS

E. Germany to halt flow of refugees to West

By Leslie Collett in Berlin and Peter Bruce in Bonn

EAST GERMANY yesterday agreed to halt the flow of Third World asylum seekers entering West Berlin from East Berlin...

The refugees who entered via East Berlin made up most of the nearly 60,000 who applied for asylum in West Germany...

The East German statement confirmed claims made earlier by West Germany's opposition Social Democratic (SPD) party...

Mr Johannes Rau, the SPD's candidate to challenge Chancellor Helmut Kohl in next January's general election...

In Bonn, the Government responded quickly to Mr Rau's statement, pouring scorn upon it and claiming that credit for the East German decision lay with Mr Wolfgang Schäuble...

Mr Bahr, however, said in an interview that he was told of the East German's decision on Wednesday by Mr Hermann Axen...

David Marsh reports from Paris on the body which co-ordinates OECD co-operation in nuclear power

Nuclear agency reassesses its role after Chernobyl

SENIOR officials from the main industrialised countries are in Paris to try to come up with a new role for the Organisation for Economic Co-operation and Development's Nuclear Energy Agency (NEA)...

The NEA's steering committee, which finishes two days of deliberations today, brings together top representatives from the agency's 23 member states...

The two-day meeting is the first of the steering committee since the Soviet disaster. It provides an initial opportunity for the agency to try to plug some serious loopholes in international nuclear co-operation...

The steering committee is considering proposals for Western countries to harmonise existing international radiation protection procedures...

The NEA is examining reports of international regulations on third-party liability of nuclear plants...

been with the NEA since its inception and is now its deputy director general, says part of the divergences in different countries' reactions to Chernobyl was due to varying political perceptions of nuclear power...

At the most extreme, this was underlined by the panic measures to protect people from radiation in West Germany...

The reassessment of the NEA's role comes as member governments are voicing disappointment at the way the agency has functioned so far in the field of western collaboration in nuclear power...

But it has arguably failed to adapt its role to the considerably harsher circumstances faced by the nuclear industry in the 1980s...

NEA officials admit that the Chernobyl accident brought to the surface severe shortcomings. Mr Pierre Strohl, the veteran French civil servant who has...

Strohl says "After 25 years of international cooperation, the fact is that there is not enough harmonisation in a situation of emergency." Chernobyl, he says, represented the first case when a reactor fault causes an international impact...

The sense of disappointment was brought vividly into the open by an OECD ambassador at a meeting of the OECD council shortly after Chernobyl...

Mr Strohl admits, however, that the NEA view that Chernobyl has not significantly added to health risks in the West has failed to get across to the public...

On this point, "the nuclear community has failed," Mr Strohl says.

The NEA does not have the headline-catching role of its larger and older sister organisation, the International Atomic Energy Agency in Vienna...

As well as calling on "communications experts" to help governments running nuclear programmes get their message across, Mr Strohl is also proposing that the NEA publishes a full account of the overall health and radiation consequences in western countries of the Chernobyl disaster...

Public disquiet over atomic power has already been one of the main factors—along with the economic slowdown and greater efficiency in energy saving—dampening considerably forecasts for nuclear capacity in coming years...

The NEA's latest published forecast of 365 Giga-watts of capacity in the OECD area by the year 2000 will have to be revised down further after Chernobyl...

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community itself. "The majority of people are not nuclear physicists... The experts themselves (on radiation protection) are not capable of solving this problem of public information."

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Craxi hopes for budget run into trouble

THE ITALIAN Government's hopes of a relatively trouble-free ride for its budget proposals have suffered a severe setback in the Parliament.

In a secret vote on the Government's general budget strategy, enough so-called "snipers" from the coalition parties voted against the proposal to limit it to the narrowest of victories.

At the same time, a potential new threat to the Government's slender cohesion emerged yesterday in the shape of the emerging deal which will see the Ford Motor Company taking an eventual 51 per cent stake in Alfa Romeo.

The six vote majority for the budget statement is a serious threat to the Government because it was under just such a cloak of anonymity that parliamentarians detected a government proposal in July and sparked the resignation of Prime Minister Bettino Craxi and his Government.

Meanwhile, the coalition politicking over the prospect Ford-Alfa deal has been triggered by Fiat's intervention on Wednesday when it said that it would soon present its own "proposal" for Alfa. This was followed by a meeting between Mr Craxi and Mr Gianni Agnelli, the Fiat chairman.

Earlier, Mr Valerio Zanone, the Industry Minister and a Turin MP, "invited" fresh proposals from "domestic" car companies as news of the imminent Ford-Alfa deal was breaking.

Austria budget deficit higher than expected

AUSTRIA'S budget deficit is expected to exceed previous forecasts and reach more than 5 per cent of gross domestic product (GDP) this year and next, Mr Ferdinand Lachs, the Finance Minister, said yesterday.

The net deficit for this year is expected to be at least Sch 72bn (53.4bn), compared with Sch 65.6bn, representing 4.5 per cent of GDP originally forecast when the budget was drawn up last autumn.

Euro-Parliament rapped over payments to parties

BY QUENTIN FEE in BRUSSELS

THE EUROPEAN Parliament was yesterday sharply reprimanded by the president of the European Court, and ordered to freeze the spending of advance election cash paid out to leading EEC political groups.

The money totalling Ecu 3.5m (€2.4m) and earmarked for election information campaigns in Spain and Portugal, has already been paid out, apparently in defiance of a request from the Court to know what was happening to it.

Now the Parliament has been given just six days to say what masses it has taken to stop it being spent.

The president of the Court issued his emergency order at the request of the extreme right-wing Group of the European Parliament, led by Mr Jean-Marie Le Pen of the French National Front.

Sweden cuts key interest rate to 7 1/2%

By Kevin Done in Stockholm

THE SWEDISH Central Bank yesterday cut the discount rate to 7.5 per cent from 8 per cent, its lowest level since the summer of 1979.

The cautious reduction, the fourth this year, had been made possible by "the positive development of the current account and private capital flows," said Mr Bengt Dennis, governor of the Riksbank.

The discount cut was announced as leaders for the country's 1.5m public sector employees were meeting to consider their response today to a final wage offer from state-appointed mediators.

The public sector wage negotiations have been dragging on since the late spring. If the latest offer of increases of some 10.5 per cent over the two years 1986/87 is rejected, there is a strong possibility of a resumption of last spring's strike action, particularly in the health service.

Stockholm compromise in sight

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN STOCKHOLM

THE STOCKHOLM conference on confidence-building measures aimed at reducing the risks of war in Europe is making progress, moving towards a final compromise following signals from the US that it was prepared to modify its position on aerial inspections.

The formal deadline for the end of the conference is today, but because of the many details which still remain to be resolved, the participants would be ready to go on talking for one or two more days if that should prove necessary and there was real hope for a successful conclusion.

Significantly, the latest strains in US-Soviet relations resulting from the expulsion of 25 members of the Soviet United Nations mission, has not appeared to affect the desire of both the Nato and Warsaw Pact countries to reach an agreement here.

If they do, it would be the first big East-West security agreement since the Salt 2 accord in 1979.

The US has intimated, through officials in Washington, that it will no longer insist on aerial inspections of military manoeuvres on the ground, a proposal which the Soviet Union has categorically rejected.

Though the plan for the use of neutral aircraft was a joint Nato position, the US's allies have made it clear to Washington that they do not want the conference to fall over this issue.

The West European countries consider that the Soviet Union made a significant concession last August when it accepted, for the first time, that Warsaw Pact military activities as far east as the Urals could be inspected from the air by Nato observers.

That concession is too important to be squandered, they feel.

The latest Nato concession has been wrapped up in a complicated formula which stipulates that the nationality of the inspecting aircraft should be the subject of agreement between Nato and the Warsaw Pact. That clearly would give

the Soviet Union a veto over any proposal to use a Western or neutral observer aircraft to fly over its territory.

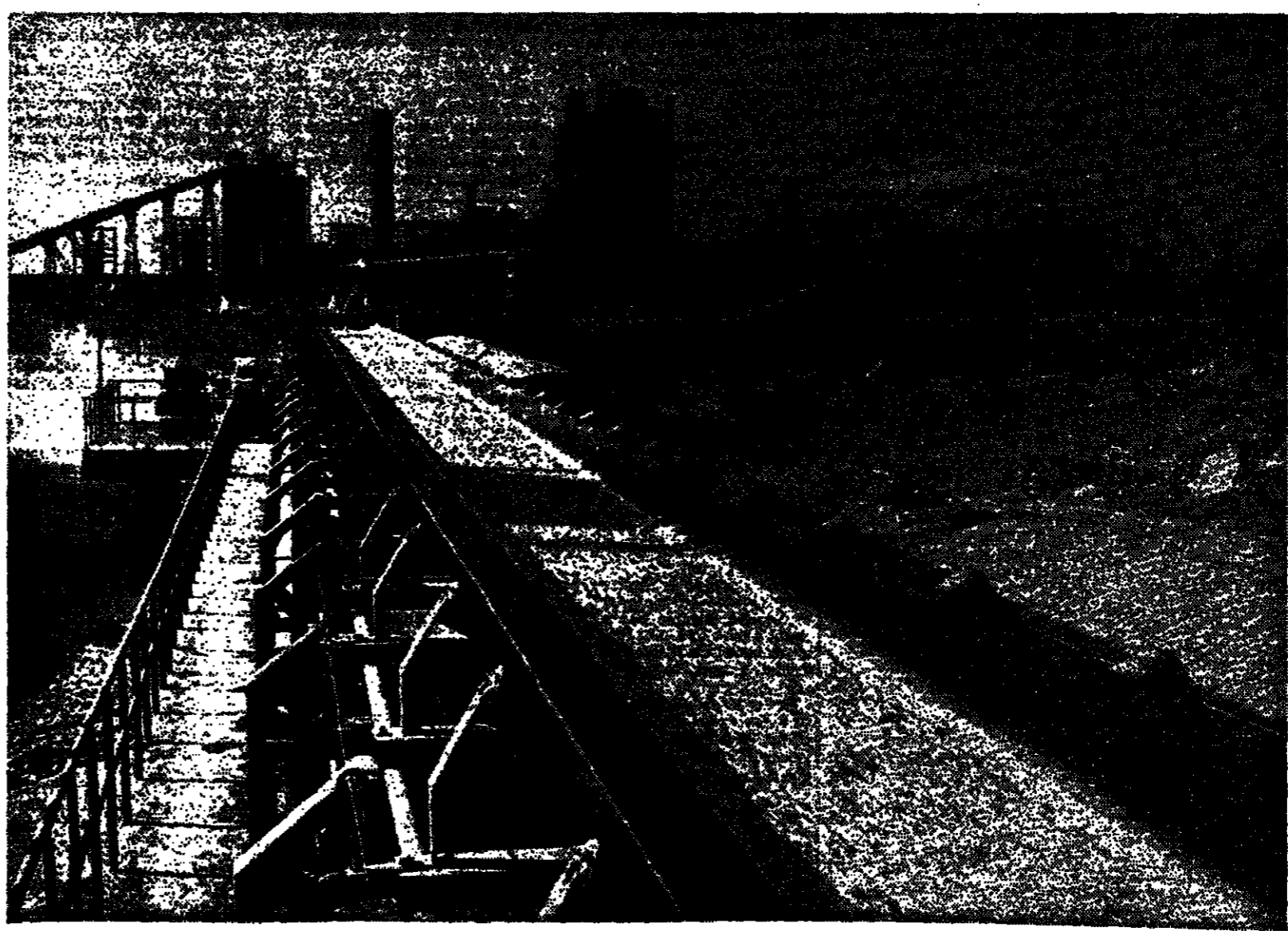
Mainly, the Nato countries will want to obtain a quid pro quo for their concession on aerial inspection on the contentious issue of the numerical threshold at which military activities must be notified to the other side.

As the conference entered its final stages the two sides were still some way apart, with Nato demanding that all military activities involving more than 9,000 troops should be notified to the other side, while the Warsaw Pact countries want the threshold to be set at 10,000, if not higher.

However, on this subject too, the prospects for a compromise appear to be reasonably good, thanks to a Polish proposal under which a lower threshold would be set for the notification of manoeuvres—say at 11,000 troops—and a higher threshold for those which the other side demand to observe.

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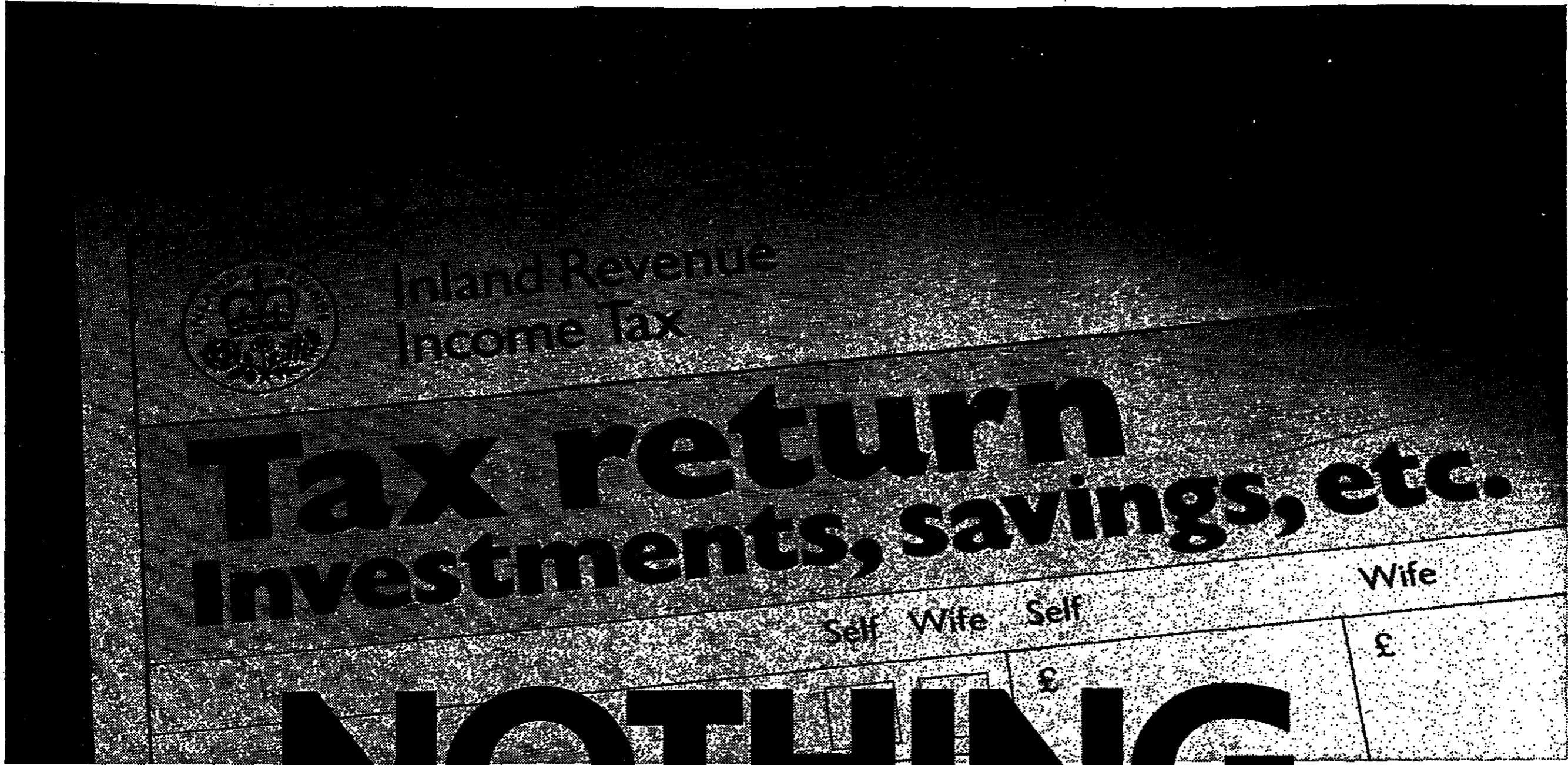
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WORLD TRADE NEWS

# Ministers running out of time for agreement on world trade talks

BY WILLIAM DULLFORCE AND IVO DAWNAY IN PUNTA DEL ESTE

CONCERN mounted at trade talks in Uruguay yesterday that time was running short for a comprehensive agreement on the wording of the ministerial declaration defining the terms for a new trade round.

With less than 48 hours left before the scheduled end of the General Agreement on Tariffs and Trade (GATT) conference, disputes remain on all the controversial clauses in the draft document.

After three days of discussions, face-to-face negotiations have only just begun on the key farm trade provisions between the European Economic Community and the "free traders" exporters group, led by Australia, Morocco, Brazil and India, leading a 16-strong Third World group, are continuing to resist pressure from the US to accept a new trade in services negotiation as an integral part of the new round.

Mr Enrique Iglesias, the Uruguayan Foreign Minister chairing the meeting, has been attempting to narrow down the areas under dispute. But it is clear that difficulties are continuing over the wording of several clauses, such as those on standards and roll-back, (a freeze on new trade barriers and the dismantling of existing ones) previously viewed as near agreement.

Despite the slow progress, however, GATT officials insisted that there still remained sufficient flexibility among the protagonists for a comprehensive deal, although this might involve extending negotiations into the weekend.

The main areas still to be resolved are:

**Agricultural Trade:** The EEC has now identified the key areas in the text where it requires changes. It is adamant that a specific reference to "the phased reduction within an agreed time-frame" of subsidies be removed.

The Community is also seeking to ensure that negotiations on farm trade are held separately from those on other topics to avoid trade-offs across sectors and it is opposing any deadline for concluding agreement. So far, the "free-traders" group is resisting all these moves.

**Services:** Despite intensive behind-the-scenes efforts to

bridge the gap between the US and Brazil and India, positions remain entirely unchanged.

Many developing countries continue to see a trade-off in concessions between services and goods during the coming round as unacceptable. Mr Clayton Yeutter, the US Trade Representative, reaffirmed yesterday that the US would not expect to give trade benefits for liberalised access for its services industries' exports.

Yesterday, Mr Iglesias called on the Colombian delegation to table formally a compromise proposal allowing for trade in services to be negotiated separately from the new round. Although unattractive to the US, this plan at least meets Washington's principal requirement that the sector will be discussed under the GATT umbrella.

Investment: India and other developing countries have insisted that the time is not right to allow freer access for foreign investment in their economies. But the US continues to stress the importance of having investment included in the new round.

"Investment has as high a priority for US as services and, for some of our businessmen, even higher," Mr Yeutter said yesterday.

Balance: Beneficial to the EEC is continuing to fight for the inclusion in the declaration of a paragraph requiring that concessions made in GATT negotiations should produce equal benefits for both partners.

This has been labelled "the Japan clause," because it implicitly singles out Tokyo as the principal offender for maintaining covert barriers to imports.

But yesterday, Mr Willy de Clerq, the EEC negotiator, said: "We want to phrase it in a non-provocative way, simply stating a GATT principle."

The Japanese, however, are expected to remain highly resistant to the text now submitted to them by the EEC.

**Debt Issues:** Many of the heavily indebted Third World countries are backing a move for the inclusion of a clause on the links between trade and finance. This would call on other institutions to take trade factors into account during negotiations on debt financing.

# Guangdong helps to unite foreigners and their profits

BY DAVID DODWELL IN HONG KONG

OFFICIALS in China's southern Guangdong province, home of more foreign joint ventures than any other Chinese province, have begun to enact new policies aimed at improving the joint ventures' viability, in particular their ability to cover foreign exchange costs.

Commitment to new policies aimed at boosting foreign investment in China was first voiced in February, as officials grew increasingly concerned about reports of joint ventures getting into difficulties. Only a week ago Deng Xiaoping, China's paramount leader, told a group of visiting Japanese investors: "We cannot ask foreigners to come, and then not let them make money."

In July, the Government revealed that foreign investment in the first half of 1986 amounted to \$1,240m—30 per cent below the level in the first half of 1985. Statistics also showed that foreign companies committed to joint venture agreements were in many cases holding back from investment—with less than one-third of the country's agreed equity joint ventures yet in business.

Guangdong has attracted about half the \$1.6bn foreign investment committed in China since 1979, mainly because of its closeness to Hong Kong and the major role in foreign investment played by the overseas Chinese.

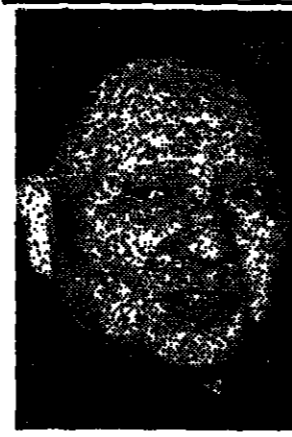
Anxiety in the province has focussed on a survey conducted in the provincial capital in June showing that 70 per cent of ventures were in difficulties balancing foreign exchange needs, while 90 per cent of the foreign exchange generated by such ventures came not from exporting, but from domestic sales.

While Xu Zhi, Guangdong City's deputy party secretary, insists that failures "are still in the minority," he concedes: "We want to ensure that overseas investors get their fair share during their investment here, and are able to repatriate their fair profits."

As a result, the city will not in future insist on "single item balance" in joint ventures—which essentially meant that any venture had to meet its foreign exchange costs out of its foreign exchange earnings.

Instead, it will allow "comprehensive or packaged balance"—an array of policies that were first approved three years ago, but were abandoned when Peking became alarmed at the rapid depletion of foreign exchange reserves late in 1984.

The "packaged balance" system will allow a venture to:



Deng Xiaoping: "Let them make money."

- Manufacture new, and perhaps unrelated products, for foreign exchange.
- Buy local products using local currency, and then export them for foreign exchange.
- Be paid in foreign exchange for goods sold in the domestic market if they are imported anyway, or are in critically short supply.
- Treat local currency earnings reinvested in projects in China as foreign investment for the purposes of preferential tax,

Officially point to the Guangdong soft drinks and foods venture, a partnership mainly between Beatrice of the US, and the local Foodstuffs Industrial Corporation, whose products have sold well in the domestic market, but have won no export sales of note.

In terms of local currency, the venture is highly profitable, but funds needed for the import of machinery and materials are not being generated.

A commitment to allow Beatrice to acquire water chestnuts in China and export them for foreign exchange has consistently been blocked by the export bureau in charge of water chestnut exports. Many prospective investors are watching the Beatrice case to see whether or not officials can deliver on the new "packaged balance" policy.

In Hainan, the neglected tropical island that is part of Guangdong province, officials have taken direct measures to tackle problems of foreign exchange balance in ventures established locally. They insist that in ideal cases, ventures should at least balance their foreign costs.

But if this is impossible, according to Liang Qihai, director of the island's Foreign Economic Relations Commission, a sequence of options is possible:

- First, the bureau responsible for the venture will be entitled to inject foreign exchange being earned by other export ventures under its control.
  - If this is impossible, then the Hainan Government will examine how important the project is: "If it is critically important, then the Government will provide the foreign exchange needed," Liang says.
  - If this is impossible, then the project is still regarded as critically important, then the Government will appeal to Beijing for an allocation of foreign exchange from the appropriate department.
  - If the project is not seen as critically important, but is still making good profits in local currency, then it will be allowed to invest the local currency in other projects that can earn foreign exchange, or will be entitled to buy local products for export.
- Officials concede that the new policies are only now being tested in practice, but the fact that they have acknowledged foreign investors' worries may provide encouragement to those who have come close to giving up the idea of investment in China as a bad job.
- The Guangdong survey will appear in Monday's newspaper.

# Israel and Grumman look at Lavi joint production

BY JUDITH MALTZ IN TEL AVIV

ISRAELI Aircraft Industries (IAI) and Grumman, the large US aerospace corporation, have agreed to examine the possibilities of jointly producing and marketing Israel's sophisticated Lavi fighter plane, due to make its maiden flight next month.

This follows the signing of a memorandum of understanding on Wednesday.

Israel is particularly interested in obtaining export licences through the US company, to sell the \$22m aircraft, which has a high percentage of US components, to third countries.

The memorandum was signed in New York following a week of discussions. Talks with Grumman are to be continued next month in Israel.

Grumman is to produce the Lavi's wing and tail sections. Israel has some under mounting pressure from the US, the chief financier of the Lavi, to cancel the project and settle for a cheaper US-made alternative.

The Pentagon contends that the Israeli defence establishment cannot afford the project and has underestimated its cost.

The Israeli Government has therefore been searching intensely for a US partner in the \$2.5bn (at current prices) (\$1.6bn) project, which it believes will allow it to spread the development costs, minimise the political risks of cancellation and create a potential export product.

According to yesterday's Hebrew-language daily, Ha'aretz, the Pentagon would be willing to accept a partnership between the state-owned IAI and Grumman as an alternative to Israel producing the aircraft on its own.

But it is still waiting for the results of two studies being carried out in the US on the costs and possible alternatives to the aircraft should it be cancelled.

# Hyundai goes ahead in Canada

By Robert Gibbons in Montreal

HYUNDAI of South Korea has begun construction of its Canadian assembly factory where it intends to build an entirely new car.

The 100,000 unit capacity factory at Bromont near Montreal will cost about \$450m (\$219.5m) and production is due in 1988.

The new model will be slightly larger than the existing Stellar and with front-wheel drive. Hyundai will initially import body stampings from South Korea but it is considering establishing a stamping factory at Bromont.

Hyundai says it is confident the new model will be fully competitive and that the Canadian market will be able to absorb nearly all production.

The Canadian content of the cars will be about 50 per cent by 1991 when full production is due to begin. The company will then be eligible to bring in cars or parts duty-free to the same value as its Canadian production.

Hyundai sold about 51,000 Pונים and Excels in Canada in the first eight months of this year. The total for 1986 will be about 85,000. The company is likely to fall short of its 100,000 target because of competition from Japan.

# Indonesian loan strikes problem

BY JOHN MURRAY BROWN IN JAKARTA

FRANCE, a past master of the French costs of projects centre on Indonesian demands that loan interest be paid in French francs. Similar problems led to protracted negotiations on a \$140m (\$94.5m) soft loan with British earlier this year. This was finally signed after Indonesia agreed to pay interest in dollars. The 3.5 per cent interest on a dollar loan was then equivalent to 6 per cent sterling.

France is showing particular interest in dam construction in East Java and the contract to install 24,000 telephones lines.

French negotiations with Bappenas, the Indonesian state agency involved, were yesterday said to be at a "delicate stage." Bappenas was not available for comment.

The disagreement appears to

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AMERICAN NEWS

Nomination of Chief Justice confirmed by divided Senate

BY NANCY DUNNE IN WASHINGTON

THE US SENATE confirmed on Wednesday President Ronald Reagan's appointment of Justice William Rehnquist as the 16th Supreme Court Chief Justice.

Mr Rehnquist was attacked for memos he wrote while working as a young law clerk in the Nixon Justice Department as well as for decisions written while he was on the bench.

Mr Rehnquist was accused of a serious breach of ethics in his handling of a relative's trust account and in lying before the Judiciary Committee about personal attempts to stop black people from voting.

Reorganisation of military approved

THE HOUSE OF Representatives yesterday approved the most sweeping re-organisation of the US military command structure in 40 years.

Congress gives nod to Reagan Angola policy

THE HOUSE OF Representatives defeated yesterday a Democratic-led attempt to stop funding for the Angolan rebel movement.

Warning of losses at Farm Credit System

BY ANATOLE VALETSKY IN NEW YORK

THE FARM Credit System, the Government-owned agency which underwrites \$4.1bn of loans to US farmers, will lose a record \$2.9bn this year and exhaust its remaining capital by early 1987, according to projections by the General Accounting Office (GAO).

Mr Rehnquist was attacked for memos he wrote while working as a young law clerk in the Nixon Justice Department as well as for decisions written while he was on the bench.

Caribbean states 'becoming criminal'

BY TONY COZIER IN BRIDGETOWN

SOME CARIBBEAN countries had been so deeply penetrated by organised crime they had become virtual criminal states, Dr Raymond Rider said in a workshop in Barbados on international economic crime.

The police commissioner in Trinidad, Mr Randolph Burroughs, is facing a similar charge in Port of Spain.

Stewart Fleming, US Editor, examines the domestic context to dealings with the Soviet Union

Reagan bows to his right over relations with Moscow

President Ronald Reagan, the most vigorous cold warrior to occupy the White House since the Iron Curtain closed round eastern Europe, appears to some foreign policy conservatives to have lost his nerve and jeopardised his bargaining position at the arms control negotiating table.

of State, saw the need to urge the White House to resist Soviet pressure to treat, in American eyes at least, the innocent Mr Daniloff and the guilty Mr Zakharov as equals.



George Shultz



Eduard Shevardnadze

That notion occurred to them earlier this week as they rubbed their eyes in disbelief at the Administration's decision to swap into the custody of their respective ambassadors accused spies Mr Nicholas Daniloff, an American journalist in Moscow, and Mr Gennady Zakharov, a Soviet employee at the UN.

The mood among conservatives, who have been chafing for months at Reagan's policy, was plastered all over the editorial pages of the American media.

critics are right when they warn that any succumbing to Soviet pressure to swap Mr Daniloff for Mr Zakharov will weaken Mr Reagan's bargaining position at a summit.

and space arms control negotiations which reconvened in Geneva yesterday, the US is seeking to narrow the gap between the US and Soviet positions on the scale of the cuts in long-range nuclear ballistic missiles which the two sides are negotiating.

Reagan Administration National Security Adviser, what Washington is saying is that, yes, it is interested in trying to establish a new framework for dealing with the Soviet Union on arms control and on regional and human rights issues.

Washington suspects Moscow is now twisting the screw precisely to see if Mr Reagan blinks again.

The White House has decided, with the expulsion of the Soviet diplomats, not to blink but to escalate. At the same time it is trying to protect itself against the claim that, if the momentum towards a summit is lost, it was Mr Reagan's intransigence which led to the breakdown.

Thus Washington is insisting that the Daniloff case will be at the top of the agenda for the meeting today between Mr Shultz and Mr Shevardnadze. It also insists Mr Daniloff will not be the only item on an agenda originally designed to see if enough progress was being made on a wide range of arms control and other bilateral issues for both sides to agree that a fruitful summit could be held.

Mr William Safire, a conservative columnist and former Nixon Administration speech-writer, in a commentary in yesterday's New York Times (provocatively headlined "The Road to Yalta," said Mr Reagan had "blinked first" in his eyeball-to-eyeball confrontation with the Soviet leader, Mr Mikhail Gorbachev.

Even moderates, such as Senator Richard Lugar, chairman of the Senate Foreign Relations Committee, and Mr Henry Kissinger, Mr Nixon's Secretary

of State, saw the need to urge the White House to resist Soviet pressure to treat, in American eyes at least, the innocent Mr Daniloff and the guilty Mr Zakharov as equals.

Indeed, it is Mr Reagan's reputation as a relentless cold warrior who would give nothing away, which has led many to the conviction that while he might have to struggle, this president would ultimately be able to secure Senate approval for a new arms control treaty once it was negotiated.

There were also reports, denied in separate bilateral talks in Stockholm, that the US was ready to accept the Soviet position on a key verification issue in the 35-nation European Disarmament Conference.

As each side has escalated the confrontation, the danger has increased that a sign of weak-

PRESS RELEASE

14th September, 1986

Magnapix's Latest

Magnapix has today announced the release of their latest film, "Giving and Taking".

Based on the best-selling autobiography by Belinda Ballantyne, "Giving and Taking" tells the story of a young Englishwoman (played by Baldwin) who is married to a German (Kretschmar-Schuldorff).

World War 2 Heroism

During the years to come, Baldwin has more to cope with than three children, the Allied bombing, the neighbours' hostility and the authorities' suspicions.

When Kretschmar-Schuldorff loses his legs to a partisan's grenade and is sent home, he begins to suspect that Baldwin is having an affair.

Self-Sacrifice

Confronted by the hurt and angry Kretschmar-Schuldorff, Baldwin and Roberts confess their anti-Nazi activities, just as the Gestapo arrive outside their apartment building to arrest them.

In a recent interview on the set of his next film, William Healey, the director, spoke at some length about "Giving and Taking".

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When Kretschmar-Schuldorff loses his legs to a partisan's grenade and is sent home, he begins to suspect that Baldwin is having an affair.

Whilst under the influence of home-made schnapps, Kretschmar-Schuldorff confides his anguish over his wife's infidelity to a neighbour, who is, unfortunately, an informer (played by the great old character actor, Tim Baynes).

Confronted by the hurt and angry Kretschmar-Schuldorff, Baldwin and Roberts confess their anti-Nazi activities, just as the Gestapo arrive outside their apartment building to arrest them.

In a recent interview on the set of his next film, William Healey, the director, spoke at some length about "Giving and Taking".

The bare facts.

At a brief glance, these two sheets are very different. The one on the right looks worthy of closer inspection - it appears to have interesting information to convey.

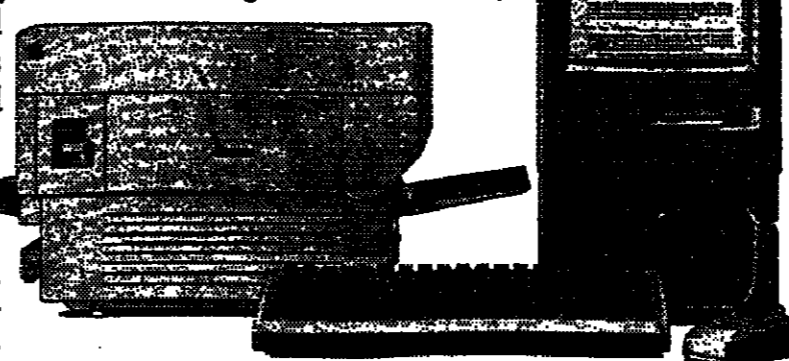
Of course, they both say exactly the same thing. But it's the way they say it that makes the difference. And the "well-written" one was composed on the Apple™ DeskTop Writer System.

An integral part of that system is the software known as Microsoft Word™. This is what allows you to use various typefaces, in different styles and sizes.

But those are just the technical facts. More importantly, it helps you

communicate your ideas in a clear and compelling fashion. Whether they be contained in a presentation, a brochure, a newsletter, or a humble memo.

You can buy the Writer System now at the special price of £2,995 - a saving of £470 off the list price. If you'd like to try it out first, a Test Drive is easily arranged. Or you can attend the AppleWorld exhibition. It takes place at the Business Design Centre in London,



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from October 29 to November 1. For more information, post the coupon, dial 100 and ask for Freefone Apple, or contact your local Apple Dealer.

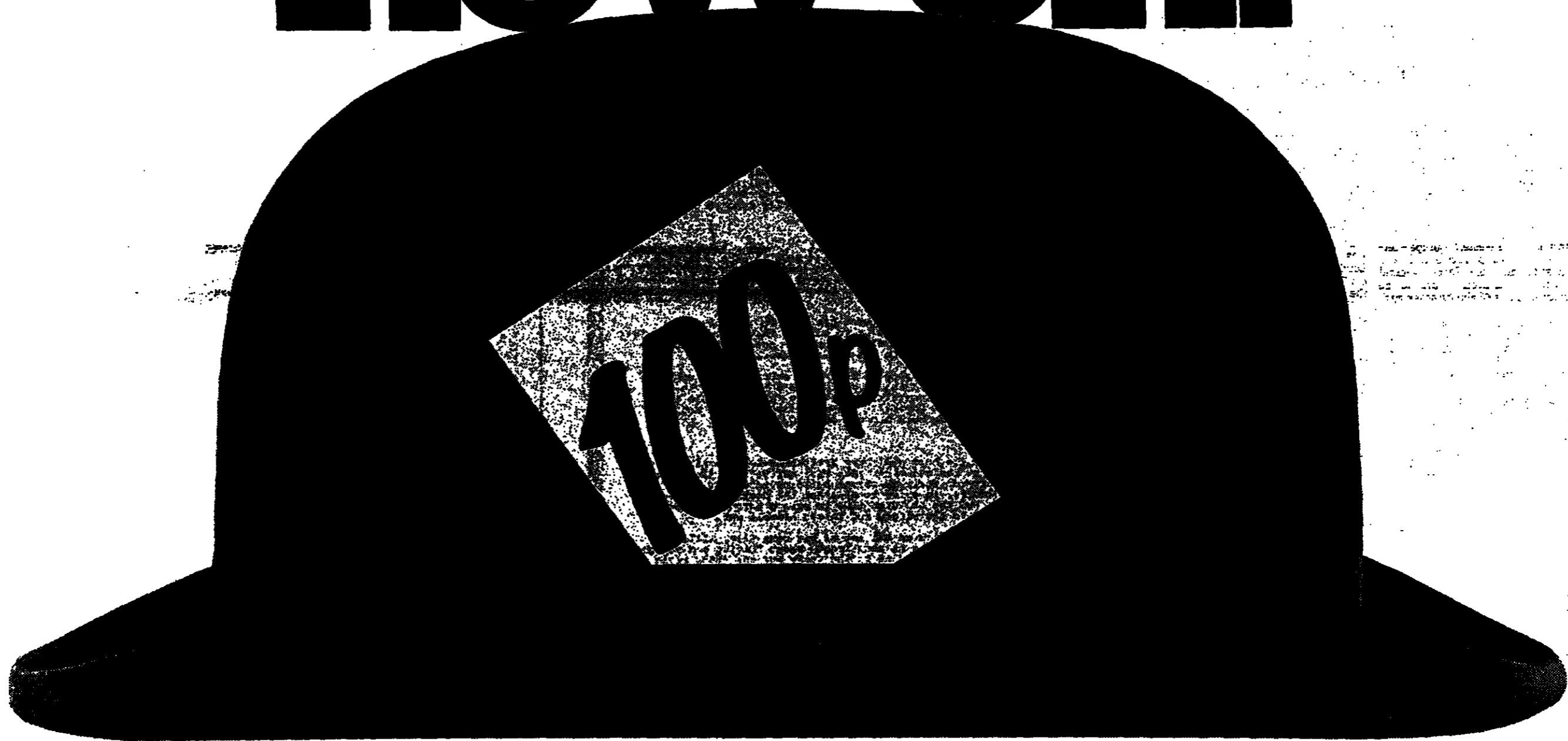
Form with fields for Name, Company, Address, Postcode, Telephone, and a checkbox for more information.



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You can make your application for TSB shares

now. Remember there is only a short time to apply.

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If you're sending it by post it must arrive no later than 10am on Wednesday, 24th September, 1986.

The TSB wants shareholders from all over the country and all walks of life.

If you feel the hat fits, we hope you'll wear it.



1986

**Don't leave it too late to say yes.**



UK NEWS

Unemployment trend slowed by job schemes

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S official unemployment total was virtually unchanged in August, and official statisticians believe that the recent expansion of the Government's special employment schemes has brought a small reduction in the underlying upward trend.

Elders breaks into cosy British brewing club

MR JOHN ELLIOTT, the ebullient Australian chairman and chief executive of Elders IXL, yesterday barged into the club-like UK brewing industry with his £1.4bn acquisition of Courage, the brewing subsidiary of Hanson, the UK conglomerate.

Lisa Wood on the international implications of the Australian purchase of Courage

His entry marks the first significant foreign entry into the UK beer market, where traditionally an overseas presence has come in the form of licensing agreements with an established British brewer to market or brew a foreign brand.

kers, said: "It is not in either party's interest to harm the brand."

Foster's is the brand identified by Elders IXL as offering its strongest overseas potential. It is already sold in a number of export markets, including the US where imported beer, while small as a percentage of the total beer market, commands premium prices.

British brewers traditionally export relatively small quantities of beer. In 1985, while total imports amounted to about 2.3m barrels (about 5.9 per cent of UK consumption), exports amounted to about 600,000 barrels. Elders IXL, which exports 20 per cent of its Carlton United Brewery production, intends to add on lager production in the UK for its brands and export them.

"We have needed more production bases," said Mr Peter Bartels, general manager of CUB in Australia. "In the current marketplace you have to have international brands," said Mr Bartels.

"British brewers have been unable to export because they have traditionally made draught beers with associations of the British pub. We have developed packaged beers which do not require the imagery of the pub."

While one strategy in developing international beer brands is licensing agreements, another - as yesterday exhibited by Mr Elliott - is acquisition. Elders IXL is the first major example of the latter route and could be a guideline as to other companies looking to make similar acquisitions," said Mr Dunsmore of Wood Mackenzie.

Editorial comment, Page 22 Lex, Page 24



John Elliott: acquiring a taste for British beer

Elliott takes Courage

BY CHARLES BATCHELOR

THE COURAGE deal represents an opportunity for Mr John Elliott, the barrel-chested managing director of Elders IXL, to establish his company and its Foster's lager as a leading international brand alongside Heineken, the Dutch brewer, which Mr Elliott clearly admires.

away yesterday about his long-term plans in other areas, but he did hint at increased opportunities for Elders' finance and trading activities in the UK. These were given a boost last February when Elders paid £30m for the financial services and energy business of Rudolph Wolff, the troubled UK commodities and futures trading house.

Hanson maintains record

By Charles Batchelor

FOR LORD HANSON, the suave chairman of Hanson Trust, the Courage sale confirms him as a master at the art of acquiring companies and disposing of unwanted assets at a premium price. Hanson's £2.8bn acquisition of Imperial Group, which brought Courage into the Hanson embrace, prompted unprecedented criticism of the Hanson strategy. Profits could only be sustained by ever larger bids, and how were these to be financed, the doubters asked.

ICI's bulk chemicals divisions merge into £3.5bn subsidiary

BY TONY JACKSON

IMPERIAL Chemical Industries' re-organisation of its bulk chemical businesses was confirmed by the group yesterday. Despite the mass of detail accompanying the announcement, some questions remain unanswered.

over the next two to three years there will be significant economies, which we will specify as we work the process through." Overall, it was made clear, job losses would be well into four figures though there would be voluntary redundancy as far as possible.

to a speciality rather than commodity chemicals manufacturer. In fact, the reverse seems likely. ICI needs the positive cash flow from its commodity businesses to develop the more high-tech end of its operations. As the board made clear yesterday, the new group will be expected to contribute to ICI's cash flow for years to come.

Marley took the lead in managing car fleets when Rover was just a puppy.

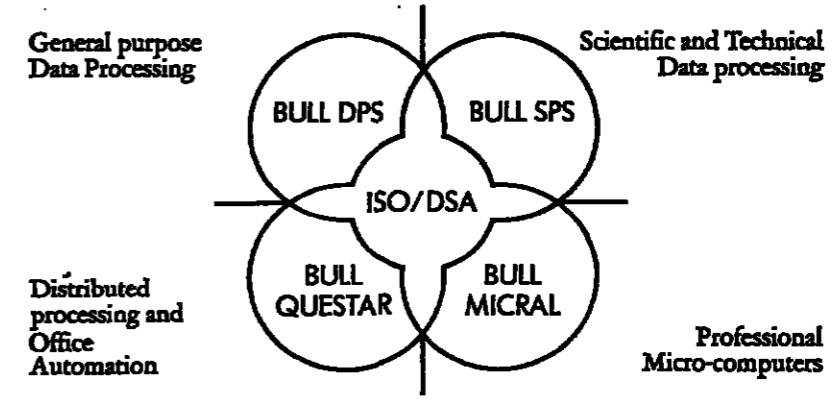
In the 1950s we were managing a fleet of 2000 vehicles nationwide. Being one of the first companies in the field and being extremely efficient, we soon became one of the market leaders.



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Bull logo with a grid pattern to its right. The word 'Bull' is written in a large, bold, serif font.

## UK NEWS

## Labour to raise taxes for those earning £26,000

BY JOHN HUNT

MR ROY HATTERSELY, Labour's Shadow Chancellor of the Exchequer, made it clear yesterday that people earning £500 a week or more — the equivalent of £26,000 a year — would have to pay "substantially" more in income tax under Labour's tax and welfare proposals which are to be put to the party's annual conference at the end of the month.

Mr Hattersley, officially launching the party's tax document that was published some weeks ago, said these increases would come into effect in the first budget after a Labour government came to power.

The £3.6bn raised annually from the wealthiest 5 per cent of taxpayers would enable Labour to extend the long-term benefit rate for those unemployed for over a year, to increase weekly child benefit by £3 and raise the retirement pension by £5 for a single person and £3 for a couple.

But he stressed that he did not envisage obtaining this money by increasing marginal rates of income tax. It could be done by changing the allowances, and the Shadow Cabinet was now working on details of this. "A reduction in deductible allowances is preferable

to an increase in marginal rates of income tax," he said.

Mr Hattersley thought there were "myriad" ways in which this could be done, and he pointed to the example of the tax reforms now favoured by the US Administration.

Labour's proposals came under savage attack last night by Mr Nigel Lawson, Chancellor of the Exchequer. "It would be a very damaging package and would mean higher taxes for everyone," he said on BBC television news.

It would mean, he claimed, that those on £500 a week would have their taxes going up to at least 70 per cent. This was higher than in any country in the world and would lead to another "brain drain" of the talented people from the UK.

Also implemented during the early life of a Labour government would be an extra family allowance of £4.36 for the first child in order to compensate for the loss of the married man's allowance. To balance this, a special new allowance would be paid to older childless couples, and this would be phased out as they reached retirement age. The intention of this would be to help lower-income couples.

## Maxwell plans 24-hour paper as London evening is delayed

BY RAYMOND SNOODY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, announced yesterday that his London Daily News would be launched on February 10 as Britain's first 24-hour-a-day newspaper.

The news surprised staff on the newspaper who thought they had been hired to run a conventional London evening due to start in mid-November to contest the market with the London Standard. Mr Maxwell said yesterday the 24-hour paper, which would cost nearly £20m, was the realisation of "a long-felt dream."

"Now at last, with modern technology and the more realistic attitudes of the print unions, it has become practicable to bring this idea to fruition," Mr Maxwell said.

Agreement, he said, had already been reached with the National Union of Journalists and the National Graphical Association for direct keying in of copy by journalists with the distribution union Sogat.

The first edition of the new London newspaper would go to press at 2am and be delivered at the same time as the national dailies. The paper would be updated throughout the day, particularly to serve the City of London with financial information. A 10pm edition for London's West End is planned.

There would be an initial print run of more than 1m copies a day, and the stance of the newspaper would be politically independent and up-market, Mr Maxwell said.

About 150 staff, including 100 journalists, have joined the London Daily News. This will now be increased because of the extra demands of working round the clock. The paper will be published five days a week, but a move to six-day printing is clearly being considered.

Mr Bill Gillespie, a senior Daily News executive, said yesterday he was looking at all distribution methods for the newspaper, including rail, underground and delivery by milkmen.

Some journalists on the Daily News were suggesting yesterday that the immediate move to a round-the-clock newspaper may have been a face-saving tactic because Mr Maxwell was unable to meet his launch target.

## BA will resume recruiting of pilots

By Michael Dome

BRITISH Airways is to start recruiting pilots early next year for the first time in 10 years and has awarded a £3m contract for their training to British Aerospace, which is setting up a new flying college at Prestwick, Scotland.

BA's first new intake will involve about 100 men and women, aged between 18 and 23. They will be chosen next year, after an extensive advertising campaign, and they will start entry in 1988 on an intensive 69 weeks' course at Prestwick. They will then move into the airline for further training.

The cost to BA will be about £50,000 per pilot for the college course, with another £50,000 for the further airline training.

British Airways says that, with pilots retiring at age 55, the airline will need at least 1,200 new pilots by the end of the century to replace current pilots at present in their mid-40s, as well as to meet future needs.

The airline has about 2,000 pilots, aged from mid-30s to their 50s, with only a handful of young pilots. BA last recruited pilots through its own training college at Hamble, on the south coast of England, which is now closed.

## London and Dublin set up international aid fund for Ireland

BY OUR BELFAST CORRESPONDENT

THE BRITISH and Irish governments yesterday formally established an international aid fund under the Anglo-Irish agreement to promote economic and social development in both parts of Ireland.

The bulk of the aid will come from the US, where Congress has approved a contribution of \$50m this year and \$35m for each of the following two years.

The agreement setting up the International Fund for Ireland was signed in Dublin by Mr Peter Barr, the Irish Foreign Affairs Minister, and Mr Robert Stinson, the British Charge d'Affaires, and in London by Sir Geoffrey Howe, the Foreign Secretary, and Mr Noel Dorr, the Irish ambassador.

Under the Anglo-Irish agreement signed at Hillsborough in Northern Ireland last November, the British and Irish prime ministers pledged to co-operate in encouraging economic and social development in the parts of Ireland which had suffered most from the instability of recent years and to seek international support.

As well as the US aid, Canada will provide \$7.2m, and a contribution is expected from New Zealand. The two governments are discussing the best method of applying for financial assistance from the EEC.

The fund was welcomed by Mr Tom King, the Northern Ireland Secretary, and by the main constitutional nationalist party in Ulster, the Social Democratic and Labour Party.

However, it was dismissed as "a slush fund" by Mr Jim Allister, chief whip of the Democratic Unionist Party. He said Dublin and London were wrong to believe that the Anglo-Irish agreement could be made acceptable to Unionists by "giving Ulster's palm."

Mr Barry told a Dublin press conference he saw no reason why ap-



Tom King: help of practical value

plications to the fund would not be received from the Unionist community.

He said: "When the reality of the fund becomes clear and it is seen as a genuine effort to bring about reconciliation, I believe there will be a change in Unionist attitudes."

The two governments will each appoint three trustees and will agree on a chairman to administer the fund. The names, to be announced shortly, will include prominent business figures. Two investment companies are to be set up, one in Ulster and one in the Republic, to distribute the money.

Mr Barry said the aid could be used to finance anything from local community halls to industrial investment and infra-structure improvements. Northern Ireland, because of the special problems it had faced, would receive about three quarters of the fund's resources.

Mr King said it would give help "of real practical value" and was tangible evidence of the desire of the US and Canada to promote peace and stability in Northern Ireland.

## Japanese pleased with investments in Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

SIX out of 10 Japanese manufacturing companies in Wales now have productivity levels as good as, or better than, their plants in Japan, according to a survey by management consultants Arthur D. Little, published today.

All 10 Japanese companies interviewed in the survey, which was commissioned by the Welsh Development Agency, expressed satisfaction with most aspects of their Welsh operating experience. They said that they found the business environment conducive to expansion.

Industrial disputes at the Japanese plants in Wales were virtually unknown — nine of the 10 companies have not lost a single day through industrial action since 1980.

Several managers also stressed the benefits which had come from combining the best of Japanese and local management techniques. The 10 Japanese companies in Wales covered by the survey employ a total of 3,826 people, of whom approximately 100 are Japanese.

Since the survey was carried out, another two, Orion Electric and Kyushu Matsushita Electric, have decided to establish plants in Wales to manufacture, respectively, video recorders and electronic typewriters.

Asked about problems, a number of the companies mentioned difficulties in finding specific categories of skilled labour, especially for technical, managerial and supervisory positions, and difficulties over guaranteeing component supplies of the right quality.

The most widespread criticism of European suppliers was that they are unco-operative and not, in general, willing to enter into the close long-term relationship that is such a common feature of business between a manufacturer and its suppliers in Japan, the Little report says.

It suggests that one reason for this reluctance is that suppliers are worried that Japanese companies may eventually discard them in favour of Japanese component suppliers which have also decided to invest in operations in the UK.

Although we're experienced retailers, there are some areas in which others are even better qualified.

These children, for example.

As part of our development of Zodiac's 80 toy shops we've been talking to groups of them all over the country.

(And, of course, to their paymasters — the parents.)

The results of this research are helping us rethink our merchandise range and design a new trading formula.

We're finding out just which toys to stock, and how to make Zodiac into a fun retailer that will attract more people.

It might all sound obvious now.

But without the backing, management and experience of our group, we doubt that it would ever have been done so fast.

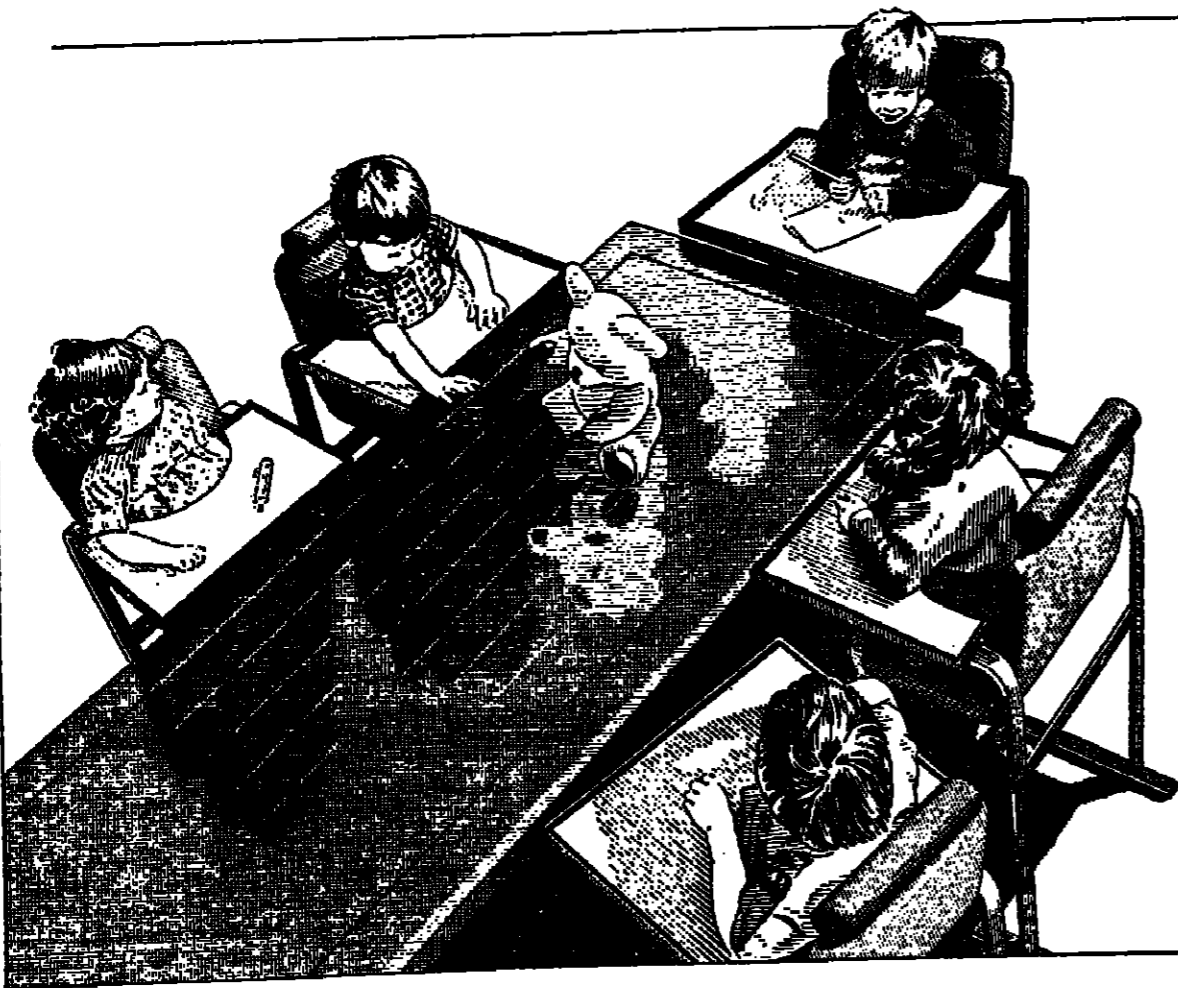
Already, in fact, the results are beginning to flow through the doors.

Store traffic is up by almost a quarter.

Market share has shown an equally dramatic rise.

And figures for the first half of the year (notoriously bad in the toy trade) are the best ever.

TO HELP DEVELOP ONE OF OUR HIGH STREET CHAINS WE BROUGHT IN SOME NEW CONSULTANTS.



Throughout the company, in fact, we're making dramatic improvements.

By the end of this month, for example, all 80 shops will be linked to a central computer.

The 'in-stock' situation on our top selling lines has risen from a low 62% to over 90%, and is still rising.

And plans are in hand for our own exclusive range of toys.

We're determined, you see, not only to be Britain's largest specialist toy retailer.

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At Halfords, Payless and Owen Owen our aims are no less ambitious.

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A BREATH OF FRESH AIR AIR CANADA

UK NEWS

Retailers stay optimistic that growth will continue

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

BRITISH retailers are enjoying their best period of sales growth since last summer and expect business to improve further, according to the Confederation of British Industry (CBI).

Clothing and food shops are most buoyant and optimistic, and off-licences (alcoholic drink retailers) are also doing well.

Confectionery, tobacco and newspaper shops continue to report and expect sales growth below the average for all retailers.

Introducing the latest quarterly CBI/Financial Times survey of retailers, wholesalers and motor traders, he said businesses in all areas even those with high unemployment - reported strong growth.

He added that traders in main shopping streets and multiple stores seemed to be prospering at the expense of smaller independent shops.

Some areas which depended on tourists for summer trade had also suffered.

Optimism in the retail trade was reflected in reports that shops were employing more full and part-time staff than a year ago and also in their plans for extra capital spending.

Wholesalers among the 581 respondents in the survey seemed less certain about prospects. They did not expect any increase in capital expenditure, and their sales in August rose more slowly than in July.

Builders' merchants and wholesalers of household durables were most optimistic about growth, but saw machinery dealers and suppliers of machinery and office equipment expected lower sales than in September last year.

Mr Salisse said the apparent difference between retailers' and wholesalers' views might stem from

increased direct purchasing among major store chains.

Mr Ian McCafferty, head of the CBI economic trends department, said there were often month-by-month fluctuations in stocking patterns.

Wholesalers' selling prices were now rising more slowly than at any time since the survey started in 1983, Mr Salisse noted, although slightly faster growth was expected in the coming months.

Price increases at retail level had also slowed down this year but picked up a little during August.

Compared with a year ago, the number of part-time retailing jobs rose more quickly than full-time. Clothing, footwear and leather shops reported good increases in both full and part-time employment and expected this trend to continue in the next few months.

Retailers of household textiles, furniture and hardware employed fewer full-timers than a year ago

BUSINESS LAW

Contingency fees could reduce number of expensive trials

Dear Mr Crossick,

Many thanks for your letter, challenging me to say who would pay the losing party's costs in a contingency fee system as advocated in this column on August 28. I must apologise for not answering sooner, but I had fallen once again into the hands of surgeons.

Lying flat on my back gave me plenty of time to mull over how depressing would be the fate of the journalist, sending his epistles undressed into the black void, but for readers who take the trouble to write. No matter whether they write to pat me on the back, to correct my mistakes and omissions, or simply to vent their disagreement, disapproval, disdain and anger - to all of them, my heartfelt thanks.

Now, however, let us address the question you have raised. First, we must recognise that the simplicity with which you put your argument is deceptive: the unsuccessful litigants for whose legal costs you say any effective contingency fee system should provide, must be considered in four, widely differing categories.

First, there is the plaintiff who retains a lawyer on a contingency fee basis and loses the case. The legal costs are the risk which the lawyer undertakes for the chance of a share in the award. You will ask: are these merely the legal costs of the plaintiff or also those with which he must reimburse the winning party? This depends on the agreement, but if the plaintiff is impecunious, it would have to provide that the entire costs, plus any award of costs to the defendant, should be met by the plaintiff's lawyers.

Second, there is the unsuccessful defendant. In the US, the home of the contingency fee system, costs are only rarely awarded to the successful defendant. In the UK, however, it is the rule, although the award usually covers only about half of the actual costs. The defendant may be somewhat better off after the recent change in the taxation rules of the courts, but he will still remain substantially out of pocket.

An English contingency fee agreement would have to take this into account. If the lawyer was optimistic about the outcome, he would be prepared to underwrite the entire costs in exchange for a fee proportionate to the success of the defence. This would be so calculated as to leave him with a profit when he wins and with a loss equal to total costs if he loses, and somewhere in between if the defence is only partially successful.

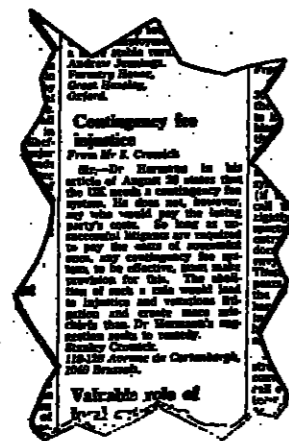
It is clear that no contingency fee lawyer would be available to penniless defendants, unless the legal aid fund would promise to pay the contingency fee in case of a successful defence.

The third and fourth categories are those of unsuccessful plaintiffs or defendants who remain outside the contingency fee systems because they retained a lawyer on a conventional basis, receive legal aid or appear as litigants in person. They will be in the same position as they are now.

You are, of course, right to point out that to abolish the rule that the unsuccessful litigants must pay the costs of successful ones would be a backward step, leading to injustice and facilitating vexatious litigation.

However, it would be wrong to jump from this to a conclusion that this rule serves to eliminate vexatious litigation and to ensure that unavoidable litigation is conducted efficiently and economically.

The parties are seldom familiar with substantive law and with the intricacies of civil procedure. They may tend to think that truth prevails, never mind the rules of evidence. They may be under the spell of legal mystique and accept whatever is presented to them as "the advice of leading counsel". And, hot under the collar, they may be propelled by emotion - be it ambition,



greed, desire for vengeance or hate - towards self-destruction. I hope you will not find it too tedious if I present my argument by a few paragraphs about the dispute between Movitex Ltd and R. W. Bulfield & Others which, as you are now practising in Brussels, may have escaped your attention.

The judgment given in this case by Mr Justice Vinelott on July 25 would interest you, I believe, primarily for his analysis of the law governing the fiduciary duties of directors of companies. The prohibition of "self-dealing" and the duty of fair dealing are analysed in detail.

The judgment demonstrates that even prohibited self-dealing can be vindicated by evidence that it was conducted fairly and in the interest of the company, and where the board must have been aware that some directors transferred a real estate deal to themselves, even if this was not expressly and formally recorded in the minutes.

What I find striking in the context of the discussion about contingency fees is that this dispute over the ownership of property, valued by some at £200,000 and by others at only £50,000, was presented and lost on behalf of a company in liquidation - that is, on behalf of its unsecured creditors - with legal costs estimated now at some £50,000.

That is more than the contested building was worth to either side. Even if Movitex had won, it would have had to repay at least the original outlay to Mr. Heald, QC, assisted by Mr. P. Heald, QC, assisted by Mr. Y. Crow (instructed by Wilkinson Kimbers for Movitex) and Mr. W.F. Stubbs, QC, assisted by Mr. J. Ragner-James (instructed by Norton, Rose, Botterell & Roche) for the defendants engaged in a legal battle of heroic dimensions.

The trial lasted 71 days, spent mainly in establishing the precise circumstances of the acquisition in 1989 of a factory at Edgware in London by a company created for the purpose by Mr Albert Perry and Mr R. Bulfield, who at that time were controlling Movitex as principal shareholders and two of its three directors.

This enormous fact-finding exercise, conducted with the full panoply of the High Court parties, witnesses, documents and no fewer than six lawyers always present (not counting the judge) - stemmed to me like Jonathan Miller's production of Alice in Wonderland. Although Movitex board meeting minutes were somewhat erratic, it is impossible to believe that the dramatic personae were either unaware or unable to inform themselves easily of the two crippling blows which the company suffered in 1989 and 1993 and which made the contested transactions necessary for its survival.

sing it to Movitex on favourable terms.

In 1983 the oil price crisis brought Movitex again to its knees. Its plastic stock-in-trade was suddenly devalued. To overcome the cash-flow problem, Mr Bulfield and Mr Perry advanced first £80,000 and then £20,000, secured by the contested mortgages on the leasehold interest which Movitex had in the Edgware property.

Six years later the control of the company passed into other hands. Mr Bulfield and Mr Perry left the board. In 1989 Mr Bulfield claimed compensation for unfair dismissal at an industrial tribunal, and a few months later the new management opposed in the High Court the acquisition by Mr Bulfield and his associates first of the Edgware property and then of mortgages on its lease to Movitex.

Mr Justice Vinelott found that Mr Bulfield and Mr Perry acted fairly and in the interest of the company in acquiring and leasing to it the Edgware property. Also, the mortgage for £20,000 was in order. Only the second mortgage for £80,000 was not properly authorised by the Movitex board and must be set aside.

A simple story, you will say, the usual post-divorce squabbles about what the ex-partners did and why, donkey's years ago.

But really, Mr Crossick: if you were asked to act for Movitex on a contingency fee basis (assuming this became permissible in the UK), would you not do all in your power to settle the case without a 71-day trial and without risking that you might be out of pocket to the tune of £50,000 in legal costs?

Yours sincerely  
A. H. Hermann  
Legal Correspondent  
Letter to the Editor from Mr S. Crossick, Brussels



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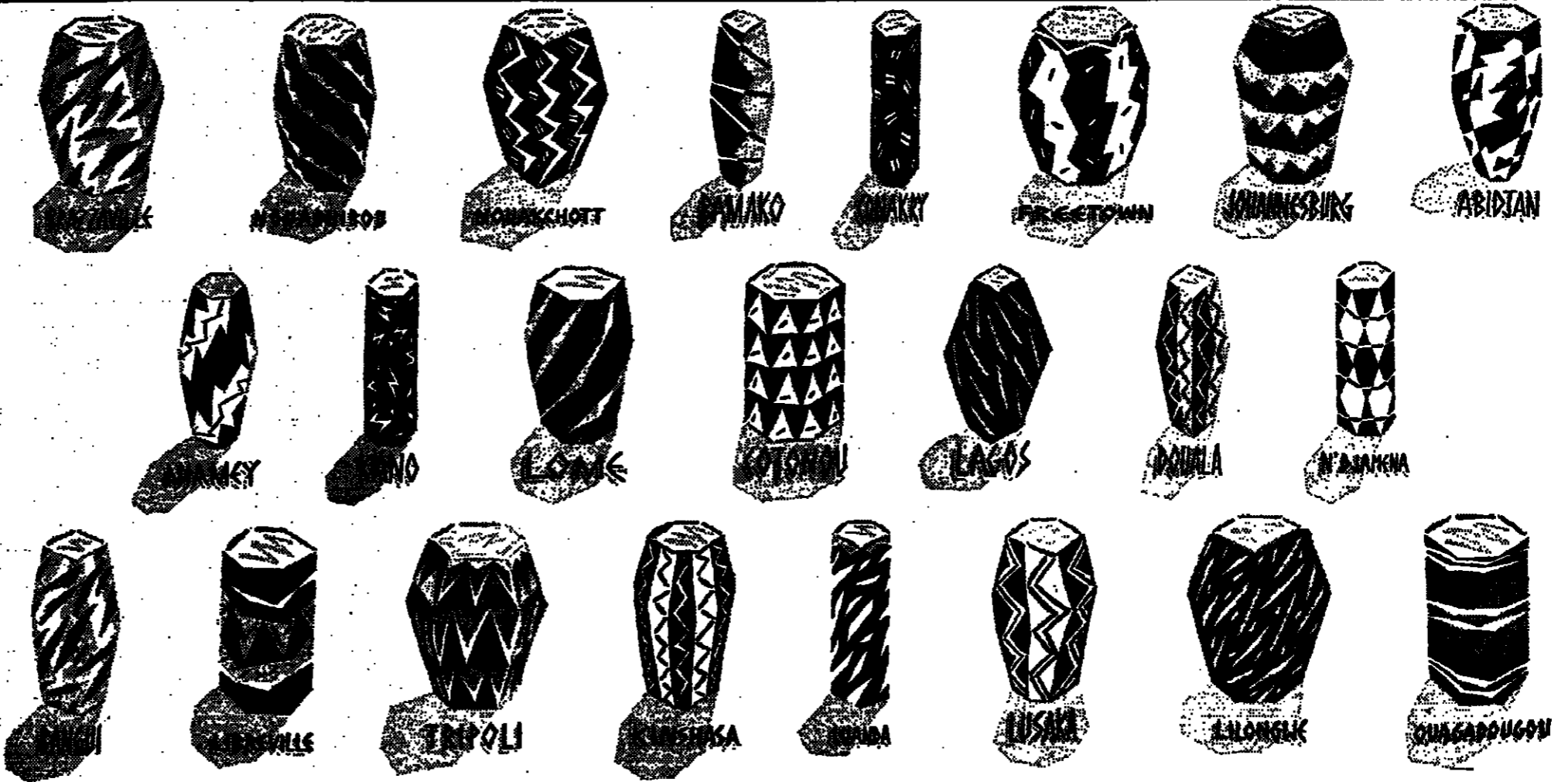
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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

REMARKABLE though it may seem, top managers of most companies fail to realise that there is a direct connection between research and development and corporate success...



Towards a less uncertain future

Jane Rippeteau reviews a book on innovation

FOSTER'S TEN EARLY WARNING INDICATORS
1. Is there increasing disquiet about R&D output among top management? This could be little more than an intuitive sense...

healy companies may actually be in peril. Managing the start-up phase is no less trying: the process usually means removing "one impediment to find another..."

How Babcock has traded the power of its people

Alastair Guild on the UK boiler company's multi-skilling moves



Lord King optimistic that the UK Government will see success in a programme for building power stations

FOR Babcock Power, it could be said, the writing is on the wall. In bold black and white the banner suspended across the front of offices at the main gate to the Renfrew plant in Scotland, says it all: "Operation 85/86. It has to work."

dence their part to cut production costs (and production costs have fallen by 85 per cent over the past four years) and make the company more competitive.

Modernisation

Planning of the phased modernisation of the Renfrew works, both to increase its commitment attempting to introduce different working practices at a time when economic and market forces are constantly shifting...

Operation 85/86: "We would have survived as a manufacturing operation, but not at the size we are now. It was obvious to anyone that without agreement on changes to working practices the investment wouldn't have gone ahead at its present level."

Redundancies

But he also recognises that the agreements will become more difficult to implement should no volume orders come through soon.

difficulty in getting members to accept multidiskilling and inter-union flexibility. But with some key people working full-time, and others having to accept short-time working, the old traditional feelings re-emerge.

Redundancies

But he also recognises that the agreements will become more difficult to implement should no volume orders come through soon.

The New York Times International Finance N.V.

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above described Notes (the "Notes") New York Times International Finance N.V. has elected to redeem all of its outstanding 12% Guaranteed Notes due 1987 on October 15, 1986 at the redemption price of 100% of the principal amount thereof...

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October PACRIM ARAB BANKING CAYMAN ISLANDS
November SINGAPORE MOROCCO JAPANESE INVESTMENT IN EUROPE
December CHINA JAPANESE INDUSTRY COLOMBIA
January 1987 UNITED ARAB EMIRATES

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# FINANCIAL TIMES SURVEY

Friday September 19 1986

## International Property

Frontiers are dissolving as property markets become more open to international influences. The Japanese, in particular, are rising to become a powerful force across the world

### Global market evolves

INTERNATIONAL influences on the world's property markets are multiplying and strengthening. A market that used to be a collection of domestic, often parochial, transactions — enlivened by the odd American incursion — is now waking up to the realisation that cross-frontier deals are available, potentially lucrative and sometimes a healthy check on its view of itself.

The traffic used to be one-way across the Atlantic, with American trends coming to the UK and Europe. A spot check in the UK still shows a lot of US influence — a 13.5m sq ft office scheme proposed in London's Docklands "Jumbo" retail parks, initiatives in the securities markets — but domestic America has been noting incursions of its own.

The American have concentrated on suburban or out-of-town shopping centres and they acknowledge that this has left them with little track record in urban retail developments. They have had plenty of those to study in Europe.

Potentially distorting trends in their office market were also seen last year in Orbit 2, a study of the office market involving UK architects and consultants DEGW. This told them the painful story of office property obsolescence which the UK market learned about in 1983, and began to act upon a couple of years later after an interval of hurt disbelief.

Dutch trade paper Vast Goed Markt said in August that Dutch professional and institutional investors in the previous 12 months had increased their investment in US and Canadian property by over 13 per cent to more than \$6bn compared with \$4.5bn a year earlier. This was

translated into a 10 per cent decline due to the weakness of the American and Canadian dollars, but VGM acknowledged an uptrend which it said was likely to continue in 1986-87.

Japan, however, is a country to watch. The Americans said it in October 1985 when the Real Estate Research Corporation estimated, in a study prepared for the Equitable Real Estate Group that foreign investment

By William Cochrane

in US real estate could reach \$10bn in 1986.

Co-authors Leanne Lachman and Richard Kately said that foreign investors were active in the US for some time but were now raising their commitments. They included British, West German and Dutch institutional funds, Canadian developers and "right capital investors" who go through the Netherlands Antilles and other tax haven countries.

However, on Japan they quoted Christopher Emdin of Richard Ellis who estimated that Japanese trading, investment, construction and insurance companies were involved in transactions which committed more than \$1bn to US real estate during the first seven months of 1986 — and that they will be spending at a rate three times as high in 1986.

The authors had a list of reasons why the Japanese, who previously focused largely on industrial and manufacturing businesses, were going into speculative and portfolio investments.

These reasons could just as easily explain Japan's invest-

ments elsewhere. They include:

- The fact that the Japanese economy boasts huge dollar surpluses earned in export trade.
- That major institutions, following Ministry of Finance liberalisation of investment regulations, are turning to "capital investment" rather than redeploying all of their earnings in industrial growth.
- That land in Japan is in very short supply and consequently very expensive.
- That land and buildings are seldom sold in Japan, so that the systematic search by Japanese life insurance companies for real estate opportunities cannot be rewarded in the domestic market.

In June of this year Knight Frank & Rutley forecast further growth of Japanese investment activity in the US and increasing interest in the UK

as well as other parts of Europe, Australia and South East Asia.

"It takes the form of a progressive encircling of the globe heading, quite aptly, in the general direction of the rising sun," said Mr Paul Mitchell, partner in charge of KFR's Japanese department.

The proposition has been taken up, with much enthusiasm, by punters in Hong Kong, Australia, and in the UK property share market, now that enthusiasm for shares in high-priced UK predator companies has subsided a little.

Those who take notice of such things will not find it too hard to combine them with developments in the Pacific Basin. In June, Hongkong Land Property, a major landlord of prime office space in the colony, predicted prime office occupancy rates in Hong Kong were going to stay high in the medium term.

The company released, at the same time, a new report which said that the colony's occupancy costs are the lowest of all the world's principal financial centres — and, for good measure, ranked Hong Kong 41st in a cost of living survey of which Tokyo came top.

In Australia, there has been a combination of events which could attract foreign property investors — those with nerve, at any rate. The Australian dollar has been unstable and a declin-

ing currency; the end of July saw the introduction of new guidelines for foreign investment in property which virtually removed previous restrictions; and in August there was political acceptance that the sub-continent was in deep economic trouble.

Perversely, the attractions of real estate stand out at a time like this. Mr Rod Samut, a partner of Hillier Parker based in Brisbane, commented after the liberalisation of the investment rules that high yields, favourable exchange rates and the relaxation of the Foreign Investment Review Board guidelines would heighten foreign interest in Australian real estate.

In Continental Europe, the shift in developer interest from Northern European countries such as France, Germany and Belgium to the Mediterranean Basin is still in prospect, judging from the International Council of Shopping Centres conference at the Hague in mid-April, where Italian delegates, particularly, asked a lot of questions.

But the most intriguing property story in Europe, if it is not in Britain with its battle between in-town and out-of-town locations, is probably in Paris. There the battle between similar protagonists seems to be going into the third or fourth round.

Hesley and Baker's Nicholas Knowland has set out a scenario where property investment interest may be switching back to shopping centres.

Mr Knowland lists the achievements of the major UK investor, Norwich Union. Its first centre in Le Mans is fully let three months before completion and it has a second city-centre development under construction in Grenoble, for which H & B have a pre-let to anchor tenant La Redoute. It has a third major iron in the fire with a major forward funding for an extension of a shopping centre in the Paris suburbs in the pipeline.

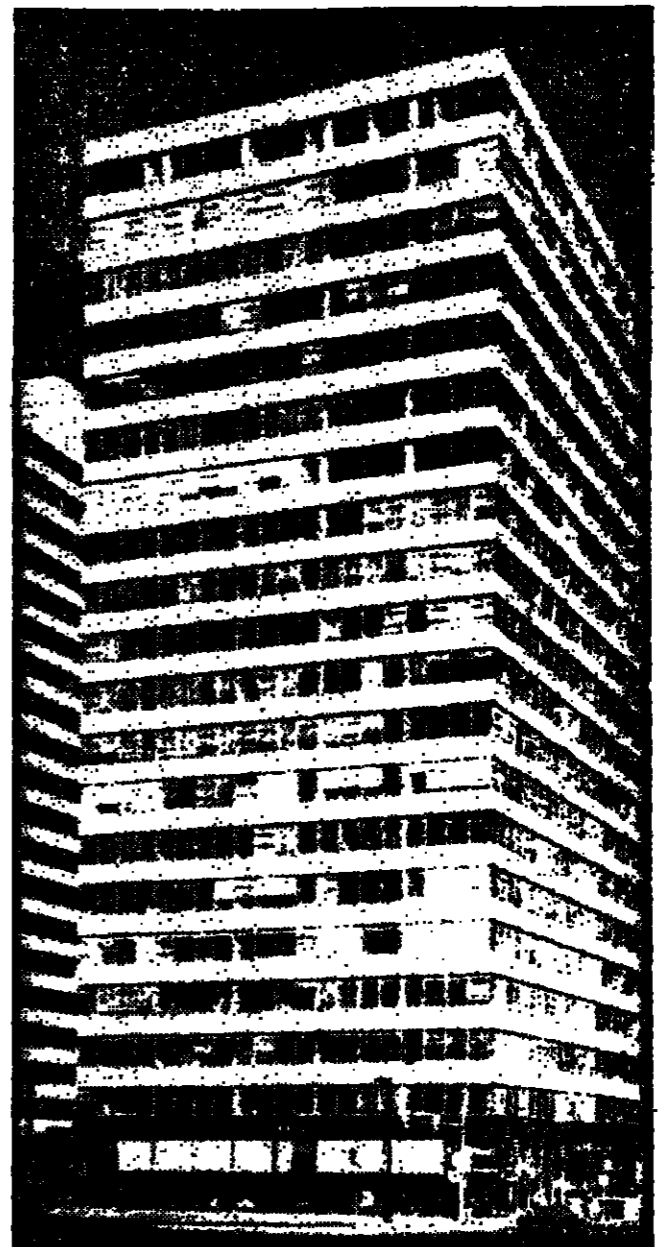
"If their position in the UK is anything to go by, Norwich may well lead the field into a new generation of retail investment in France," says Mr Knowland.

Back in Britain, the foreign investor is also a good talking point. Richard Ellis's Stephen Hubbard thinks that overseas investors have, in the past, viewed the UK market with suspicion as they have seen a varied structure of yields, and complex landlord and tenant legislation. Yields have also been viewed with suspicion when compared with other competing centres.

However, he says, the spotlight is now increasingly on the UK and, more specifically, Central London, where the continued rental growth "now looks attractive" when compared with the spasmodic performance of other world centres such as New York and San Francisco.

It is not just Central London. The London Docklands Development Corporation reminds us that there is always international money available for a good investment anomaly — in this case a huge area of former dereliction next door to the City of London, which still boasts the highest accommodation costs in the world.

The LDDC mentions Middle East money — the Kuwaitis at London Bridge City and the Americans at Canary Wharf. But investment has also come from Holland, in the shape of VOB's London Yard residential development and interest in a large part of the Royal Docks.

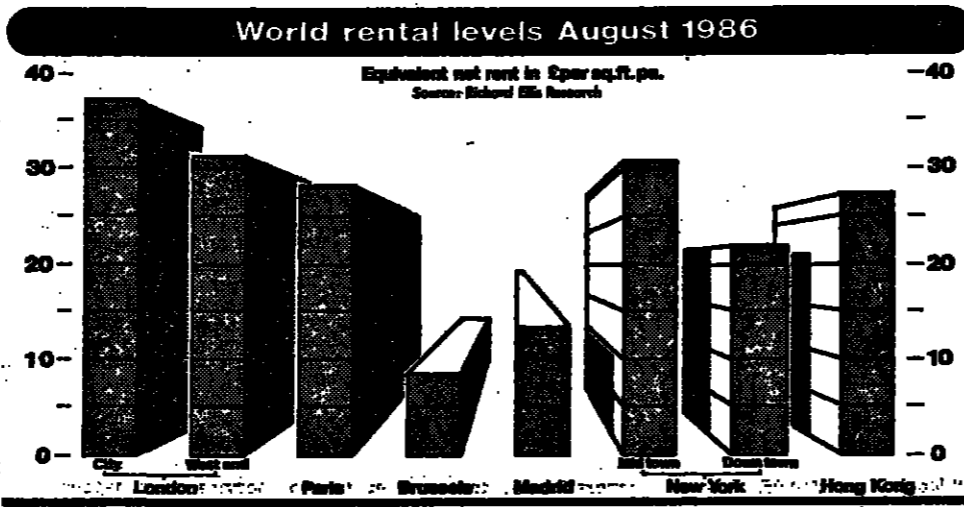


Overseas interest in US property remains strong. A Dutch pension fund client of Richard Ellis has just paid more than \$60m for Two Penn Centre, a 500,000 sq ft office complex in Philadelphia's business district

Scandinavia is represented by the Trade Centre being built in West India Dock, and plans are well advanced for a Chinese business and cultural centre on a seven-acre site at Poplar Dock.

"By the end of this year, we expect also to have major interests from the Far East and Japan," says Alan Wightman, of the LDDC. "It is to be hoped that the UK institutions will not delay much longer in following the lead of foreign investors in recognising the long-term growth potential of Docklands."

"The opportunities which now exist in the Royal Docks will not be around for ever."



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International Property 3

The US

East rebounds as Sunbelt hits problems

LIKE SO much of the US economy, the property market has passed from a mood of strongly reviving confidence to one in which the outlook is less certain.

The first half of the year brought plunging interest rates, and expectations that tumbling oil prices would inspire a widespread revival in US business and industry. Housing markets rose strongly, the eastern states continued to expand vigorously, and even the battered oil and farming states began to see some sign of recovery.

All these factors remain, but the outlook for interest rates and for the economy is more problematical. The oil price slump has hurt many sectors of the US without bringing the boom in industrial property.

In the hardest-hit of the oil states, the burden imposed by heavy overbuilding in the late 1970s is still there. The Reagan administration's plans to overhaul the tax system would have significant impact on the shelters which have driven the more speculative markets ahead and not before time in the view of more conservative property investors.

However, the first effects of a cooler economic climate are probably having a beneficial result on a market that showed clear signs of overheating, according to Mr Gerald Parkes, managing director of the US division of property consultants Richard Ellis. There are signs of a slackening in office property vacancy rates, which had soared to 16 per cent for prime and as much as 24 per cent for secondary properties in some areas.

Overbuilding had been the market's response in the early 1980s to unsophisticated buying from some savings and loans (S & L) groups and from tax sheltered private investors. The easy money taps have now been turned down, as the S & Ls find themselves facing a less sympathetic Federal Reserve. Tax shelter investors, already facing substantial losses on ventures in the oil states,

sense the hardening political attitudes.

Whatever the outcome of Washington's tax overhaul plans, it seems unlikely that the tax shelter business will survive unscathed for long.

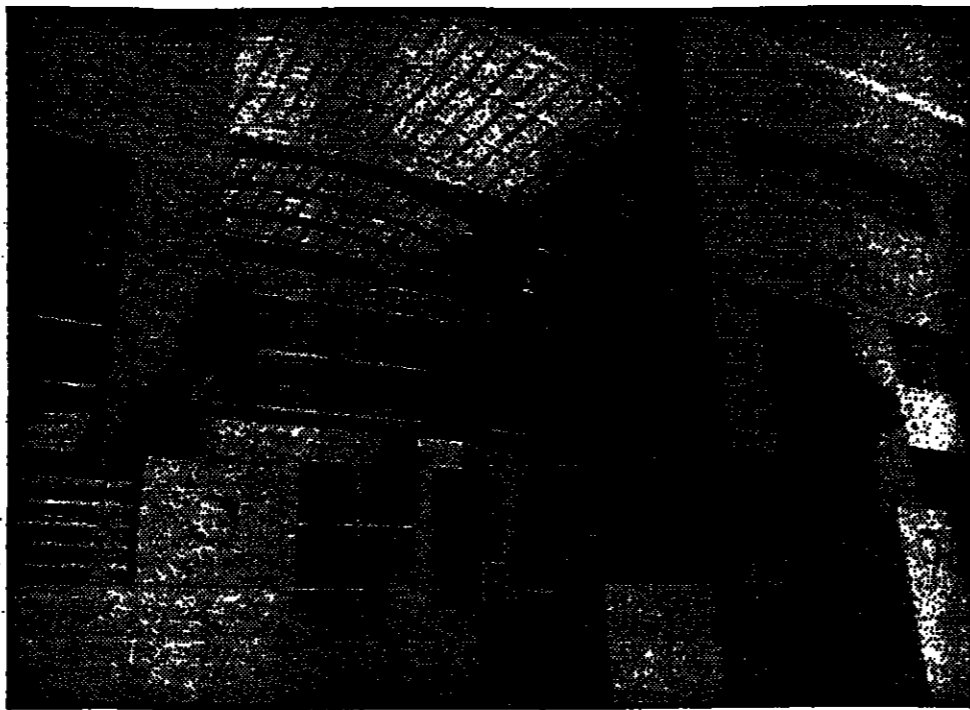
As property loans have become less easy to find, so the yield pattern has moved back towards its traditional shape. Secondary properties are now required to offer yields of about two basis points above prime properties. Twelve months ago, a one basis point differential was enough.

Geographically, the past year has seen some traditional values restored, as well as further development of some of the newer, high-growth sectors. Property developers have prepared best in those states and cities where local economies are most diverse. The single industry states, be the base in oil or high technology, have often paid the penalty as local industry has stalled and the rush of property building in the late 1970s has fallen on empty hands.

Best of all have been the states which have moved away from traditional manufacturing industry and towards the new service-orientated industries. The eastern states, once in danger of being outpaced by the Sunbelt states, have bounced back vigorously. The growth of the financial services industry, now moving into a global dimension, has startlingly revived the attractions not only of New York, but now of Boston and Philadelphia.

The established infrastructure of these older cities, once seen as a possible liability, has proved an increasing attraction to the financial institutions which are the prime customers for commercial property.

In mid-town Manhattan, the world's largest market for office space, the surge of new construction in the South Street Seaport, Third Avenue, Lexington and Park Avenue areas, have all found ready buyers or renters. In spite of nearly 5m sq ft of new and renovated



The UK company Samuel Properties sold its 200,000 sq ft office building, developed with Sears Holdings, next to Los Angeles airport for \$37.5m to the Japanese Shurwa Corporation. The space was pre-let to Hughes Aircraft of the US.

space in mid-Manhattan last year, vacancy rates are low and asking rates of \$45 per sq ft—or \$90 for prime sites—are readily met.

Growth in Boston has been equally spectacular, spurred on by the city's strong position in the financial services industry, backed up by its role as an international medical centre and now a prominent research and development and high technology base. There has been a substantial increase in new or renovated office property both in the Downtown and Back Bay areas, but this flow will be reduced between 1987 and 1989.

This reduction should enable the property market to brush off any sluggishness in the local computer industry and to continue to respond to the vigorous growth of the financial services business area.

The rebound of the eastern states has coincided with a re-spiral of the once high-flying Sunbelt cities. The problems of some areas, notably the oil states and the mid-western farming states, have gone from bad to desperate and still show little sign of moderating. But the picture is a mixed one, with the more sophisticated local economies weathering the storm better than those which relied too heavily on a single industry.

California has remained very strong, with its diverse industry base taking in aerospace, technology, financial services and agriculture offering a variety of

hedges against misfortune. While the local energy industries and even Silicon Valley have had their well-publicised problems, other areas have done well.

Californian farming, based on supplying vegetables and fruit to eastern US, has fared much better than the traditional farm belt, which is linked to world grain markets. And the state's position as the entry for the Pacific rim economies has fuelled an upsurge in the financial services markets.

The brightest spot of the California market is Los Angeles, already the second largest contribution in the US and swiftly replacing San Francisco as the west coast financial centre. Yet, in spite of an economic base ranging through manufacturing, trade and service sectors, the city is still well supplied with available property and a tenants' market prevails in many areas.

About 86m sq ft of office accommodation exists, with a further 4.6m sq ft under construction or available. Richard Ellis estimates that vacancy rates were as high as 17 per cent earlier this year, when 12-month rent holidays were offered to new tenants.

But the picture is still gloomy in the Texas or Colorado energy districts. Houston, which was wildly overbuilt in the boom days, still has an excess of property that could take five years to clear,

even if the oil industry recovers. Vacancies in class A office accommodation reached 24 per cent in 1985.

The trough has been reached but the merger trend in the oil industry is now throwing more spare space onto the markets.

Much the same could be said of Denver, where new construction has ceased in the central business district to allow absorption of the cumulative weight of overbuilding.

But elsewhere in the energy states, fortunes have turned for the better. Dallas, bolstered by its role as a financial centre, is the scene of heavy property leasing activity. But new construction is still heavy and it may be some time yet before the glut is cleared.

For the near term, it seems that property investors will have to continue taking a cautious view of the Sunbelt states. With the US economy still sluggish, any recovery in the heavily overbuilt areas of the energy states must remain suspect.

But there are plenty of bright spots in the Sunbelt. Florida continues to attract residential buyers and has avoided the worst aspects of some past property booms. Los Angeles leads a buoyant California market, and still racing ahead are the eastern seaboard areas which are attracting foreign and domestic investors.

Terry Byland

Australia

Obstacle course cleared

THE ONLY sound louder than the Australian dollar crashing this summer came from a frightened Government breaking down the obstacle course that had been so carefully built to restrict foreign investors. Some in the real estate sector were not sure whether to laugh or cry; a weaker dollar meant lower returns, but sweeping reductions in controls could open up dramatic opportunities for expansion.

It was the increasingly common fault of worrying too much about current income flows from property investments that brought on the tears. Share prices of many foreign companies heavily involved in Australian real estate dipped in line with the country's dollar. But they revived quickly when the raised prospects for long-term growth sank in.

As part of a wide-ranging list of reforms to limit the flight of capital overseas and bring new money into the country, the Government abolished the need for commercial developments worth more than A\$10m and service projects such as hotels to have at least 50 per cent Australian ownership. It also raised the embargo on foreign investment in completed buildings, although such deals must still be split down the middle with a local partner.

"The changes will dramatically open up the urban property markets in the major cities to foreign investors, particularly from Asia," say Australian agents Richard Stanton.

The weak dollar might hit

existing investors' income but it will make property seem that much cheaper to the outside buyer—and a good long-term bet considering that commodity prices and the Australian economy are bound to revive reasonably soon, according to most analysts.

"The worst should be over," says Mr Frank Charnock, senior partner of Jones Lang Wootton in Australia. The harsh economic policies were a relief to investors now that long-standing problems of declining exports and inflation were being recognised and dealt with, he says.

Relaxation of investment controls should appeal to the British, who had been so active back in the 1960s, although he does not foresee a sudden surge of foreign funds until the overall economic situation improves and newcomers have spent a couple of years testing and learning about the markets.

The Japanese may not be so reticent. While the UK and US have traditionally provided the bulk of outside investment over the years, a study by Ballieu Knight Frank (BNKF) shows that the tide of interest has been rising from Australia's closer neighbour. Japan provided only around 1 per cent of the country's direct real estate investment from overseas in 1984-85 but this had risen to 13 per cent the following year, not counting development or purchase of hotels, resorts or financial buildings such as banks.

Even under the old restrictive rules, companies such as

Kumagai Gumi have become a powerful force through joint ventures with Australian companies. In only four years the Japanese group has built up more than A\$1bn worth of business and some 30 per cent of its \$50m annual turnover is estimated by BNKF to come from Australia.

Activities stretch well beyond Kumagai's main role as a construction contractor, taking in equity participation, financial broking and technical advice. It is a pattern repeated around the world as Japanese companies stifled by limited opportunities in their home markets chase overseas investments, mainly in joint ventures which link their money with local market expertise.

Kumagai, the largest Japanese construction group, for instance, has linked with Costain Australia for the first stage of the A\$500m Melbourne Riverside Quay development. It will acquire 50 per cent of the A\$65m twin office tower first phase.

"Many Japanese companies see Australia as a long-term investment, with its mature economy, relatively cheap land prices and high initial yields," says Ballieu Knight Frank.

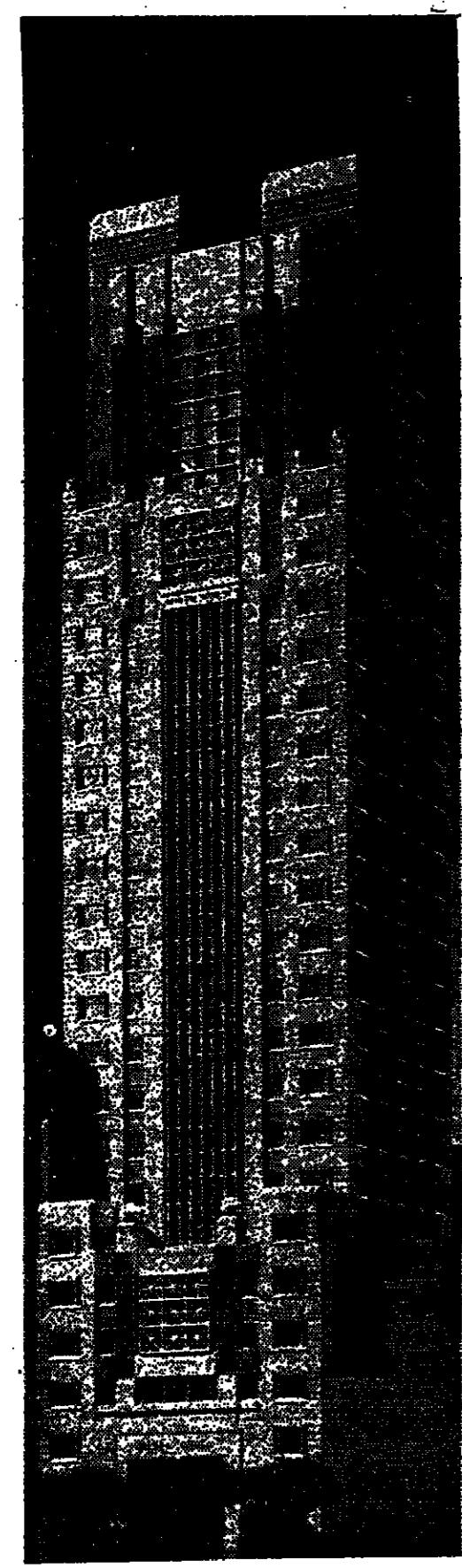
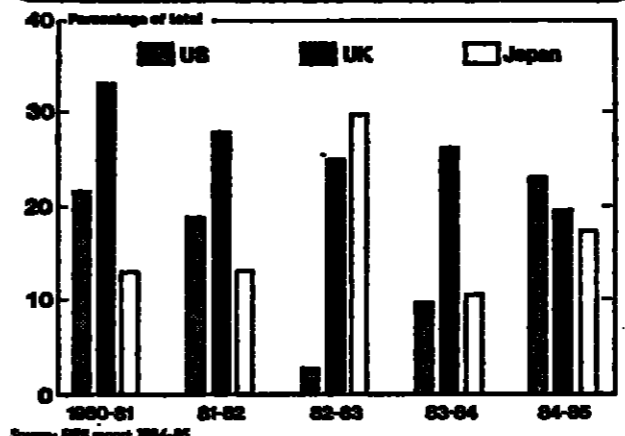
Growth in Japanese tourism and Japanese banks in Australia have also provided a catalyst for investment. But BNKF expects the deregulation of Japanese pension funds' overseas investment to give an even bigger boost for Australian real estate under the country's own relaxed controls.

Private Asian investors also have a yen for big city property, particularly with yields of between 6 and 9 per cent for office deals and 8.75 to 10 per cent for industry in Sydney being quoted by Richard Stanton. The opportunities seem to be available, too, as institutions divest themselves of smaller properties. Stanton says it has sold more than 40 buildings worth more than A\$20m for one life insurance company.

Sydney has been particularly active in the last couple of years as banks have crowded in and top rents have reached A\$500 net per sq metre according to Jones Lang Wootton. Vacancy levels are also low in all the main cities, although Sydney has a big supply in the pipeline.

David Lawson

Foreign investment inflow to Australian enterprises



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International Sale: Hotel El Panama

Banco Nacional de Panama invites interested investors to participate in the public international bidding for the sale of the Hotel El Panama and associated facilities, to take place in Panama on October 16, 1986.

This is a unique investment opportunity. The property comprises a large hotel and shopping complex at the very heart of Panama's banking and commercial district, the prime real estate location in the country.

The complex covers a main area measuring 27,511.29 square meters (m<sup>2</sup>) valued in 1984 at US\$ 25 million. It also comprises two lots, covering an additional 10,931.79 m<sup>2</sup>, which were appraised in 1984 as being worth US\$ 3 million.

The hotel consists of a main structure 10 stories high plus a wing of cabins featuring 354 ample rooms and all the facilities associated with a major hotel, such as meeting rooms for business and social functions, restaurants, tennis and fitness, parking for over 300 vehicles and a superb swimming pool and gardens.

The shopping area comprises twenty boutique-type facilities plus a casino operated by the national government.

Special Considerations:

- (1) Bids shall include both the tourism complex and the real estate associated with it.
- (2) The base price for the Hotel El Panama package is US\$ 20 million.
- (3) The successful bidder accepts to abide by the laws of the Republic of Panama.
- (4) Payment must take place once the deeds of sale are signed, by cashier's cheque or by other means acceptable to banking regulations. Bidders may, however, request financing for up to 75% of their bids, with the understanding that the balance shall be paid on purchase.

Qualified investors desiring additional information or interested in examining the properties should contact:

In Panama: Lic. Eduardo N. Bernard Q.  
Hotel El Panama  
Telex: 2676 El Panama PG  
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In the United States: Lic. Roberto Chung  
Banco Nacional de Panama  
New York, N.Y.  
Telex: 177366  
Telephone: (212) 486-1515



TECHNOLOGY

# Watch that gets message across

Terry Dodsworth, Industrial Editor, looks at how US system could revolutionise paging

YOU ARE a widget manufacturer in New York and you have just sent your best salesman to Los Angeles to clinch an important deal. Only an hour or so before he is due to see the customer, you dig up information that you are sure will give him the edge in the negotiations. But he has already left his hotel room and you have no idea of how to contact him. This kind of problem could be solved if a new and revolutionary paging service now being developed with the help of Plessey, the UK electronics company, gets underway as planned.

You would call a special number and ask the operator to put out a radio message to your salesman. The message would be transmitted in the appropriate area. Your salesman would hear an urgent beep on his wristwatch and switch on a display mechanism. He would then read a message on the watch face telling him to call you—and if he did as he was told, the order would presumably be yours.

The concept of the "pager" wristwatch is deceptively simple. AT & E Laboratories, a three-year-old Californian company, has devised a system that will allow subscribers to send out messages to anywhere in the US. The wristwatch has

been chosen as the device to pick up the signals because it is an instrument which is carried automatically by almost everyone.

AT & E's novel idea for achieving blanket coverage of the US is to transmit over a portion of the FM radio waveband that is not employed by local radio stations. An operator in the pager system who has received a message from a subscriber will be able to put it out as a radio transmission in the area where the person wearing the target wristwatch is based. If the wristwatch owner moves around, the message will follow him. AT & E, which is quoted in the NASDAQ over-the-counter stock exchange in the US, and is backed by private and institutional investors on both sides of the Atlantic, says that it has already demonstrated the technical feasibility of the project.

It has also begun to sign up local FM radio companies to the system in the US, and is shortly expected to choose two watch companies—one in Japan and another in Switzerland—to make the wristwatches. The-

radically, if the service catches on in the US, where AT & E is aiming for a launch in early 1988, it could be expanded to anywhere in the world.

The key to making the system simple to use is the wristwatch receiver. Wristwatches, as one of the participants in the project observed, are virtually universal commodities, put on in the morning by most people before their clothing. Entry into the system, therefore, could scarcely be easier, and the new device will continue to perform normal watch functions—indeed, it will have an additional feature in that it will automatically adjust for changing time zones via information transmitted along with the messages.

Achievement of the miniaturisation of the electronic components going into the watches is the responsibility of Plessey, which has signed a \$750,000 development contract with AT & E for work on the two integrated circuits which form the heart of the "receptor" wristwatch.

Plessey's design entails an aerial in the wristband of the watch—a device which will be sufficiently long to pick up the signals—and a bipolar circuit for receiving the messages. The second chip is a decoder and

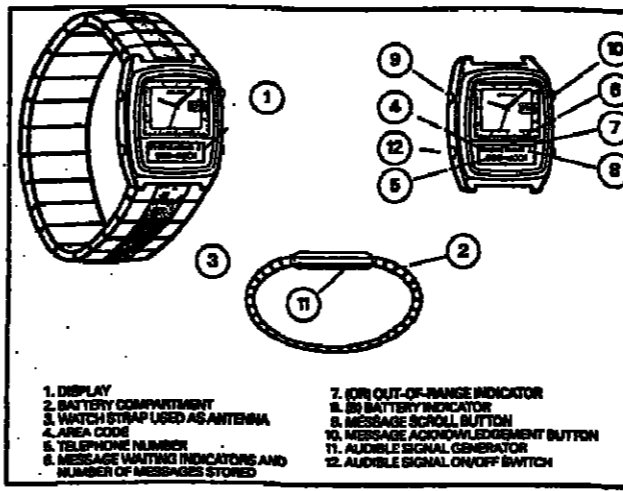
synthesiser which controls the watch and presents the messages.

Plessey turned to bipolar circuitry, says Mr Brian Hyde of Plessey Semiconductors, because of a technology it has developed for on-chip reception using a device called gyrator filters. This approach allows a reduction in the number of external components to virtually nil, effectively providing a single chip radio receiver which can operate at very low currents.

The second chip, proprietary to AT & E, uses CMOS technology to decode the radio signals, filtering out unnecessary noise to extract the essential information.

The chip designs, says Plessey, will mean that the watches will be no larger than standard electronic wristwatches, while battery life should be at least a year and possibly much more. To help prolong battery strength, the watches will be programmed to "power up" every six or seven minutes to scan very briefly for a message. The rest of the time the receiving mechanism will be switched off, saving energy.

The watches will not have the capacity for receiving long



## Simple safety for new Audi 80

By John Griffiths

PROCON-TEN might sound like a capsule for reducing cold symptoms. But its purpose is actually to save lives.

Even Dr Wolfgang Habel, chairman of the management board of West German car manufacturer Audi, the upmarket sister company of Volkswagen, is not too happy about the name, and has been offering prizes within the company to anyone who can come up with something more graphic or illustrative.

But he is certainly happy about the system itself, which is being offered as an optional extra on the new Audi 80 saloon car range shortly to go on sale throughout Europe.

For once, electronics are not involved. Instead, it is an entirely mechanical system which operates via three stainless steel cables. One end of the main cable is connected to the telescopic steering column, loops forward round the gear-box, and is then attached to the body monocoque. The other two cables follow the same route as the main cable from the body attachment point—but are then

connected to the retractors of the inertia reel front seatbelts. The result is an entirely mechanical, virtually fail-safe system of "why didn't I think of that?" simplicity. It is intended to reduce head injuries. In a severe frontal crash, involving impact at 25 kph upwards, the engine/transmission unit is pushed back into the body. With the gearbox mounting acting like a capstan, the cables are pulled to the rear, and these attached to seat belts and steering columns are yanked forward. Thus the seat belts are tensioned, instead of merely locked under inertia, and forward movement of the body is greatly reduced. The possibility of the driver or passenger "submerging" beneath his/her seatbelt is also all but eliminated.

At the same time, the steering wheel assembly is retracted out of likely contact with the driver.

Audi says it developed the system after it became clear that as a result of seatbelts and other safety systems reducing accidents overall, head injuries sustained through severe frontal impacts were accounting for a larger proportion of injury statistics.

The system is not to be fitted as standard to the new Audi 80 range. It will be an option on all models, at a cost in West Germany of around DM 300. Its price in other markets has yet to be fixed.

steadily rising demand for paging products.

Even in the initial stages, however, prices are not expected to be at a level that will turn the system into an exclusive tool of wealthy companies.

It is likely that the watches will be leased, probably at a charge of around \$300 a year, with a cost per call of about 25 cents. If they start at that level, and if the market catches on to a degree that allows prices to be reduced in the normal fashion for electronic devices, there is no reason why Mann should not be using the receptors to call little Jim into dinner in a few years' time.

## Philips widens scope of US joint venture

PHILIPS of the Netherlands and Central Data Corporation (CDC) of the US, which already operate a joint venture called Optical Storage International (OSI) to

memory) activity of Philips, as well as operations of CDC's magnetic tape subsidiary, Computer Peripherals, in the US. LMS is 51 per cent owned by Philips, 49 per cent by CDC.

### WORTH WATCHING

Edited by Geoff Charish

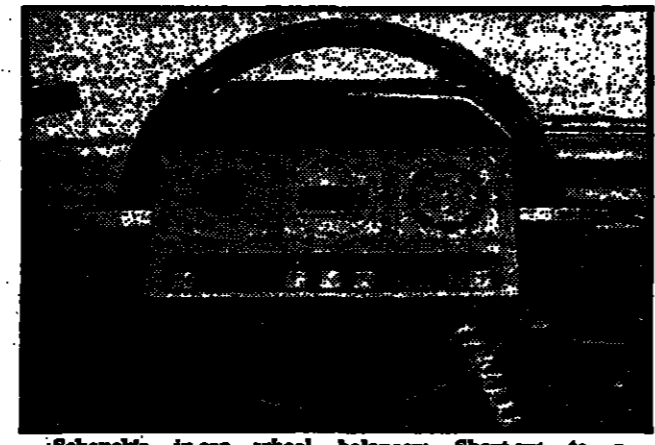
market optical disks and associated equipment, have widened the venture to embrace magnetic storage as well.

A new company, Laser Magnetic Storage International (LMS), encompasses the OSI business in Colorado Springs and the CD-ROM (compact disk read only

ENGINEERING PLASTICS will continue to displace metals, particularly in the automotive industries, according to Frost and Sullivan, the London/New York market research company.

Y & S believes the market will rise from \$2.55bn in 1985 to \$2.77bn this year and will increase by nearly 30 per cent by 1990.

The European Market for Engineering Plastics, \$1,400, Frost and Sullivan, New York (212 232 1880) and London (01-739 9488).



Schenck's in-car wheel balancer: Short-cut to a smoother ride.

CONDENSATION IN buildings, or whether it is about to occur, can be determined quickly and easily with a hand-held instrument from Precision of Marlow, Bucks, UK (06284 72722).

Called the Condensator, the unit, with its integral sensor held against the surface to be tested, will instantly compare the dew-point temperature (a measure of the amount of moisture in the air) with the temperature of the surface. It then calculates whether or not condensation is taking place (thus distinguishing the surface's condition from, say, rising damp).

## Quicker route to a better balanced car

WHEEL BALANCING becomes simpler and quicker and can be carried out at the driving wheel in the jacked-up car using a new system from West German company Schenck. The system is available in the UK from Technical Marketing Services, Southampton (0802 765698).

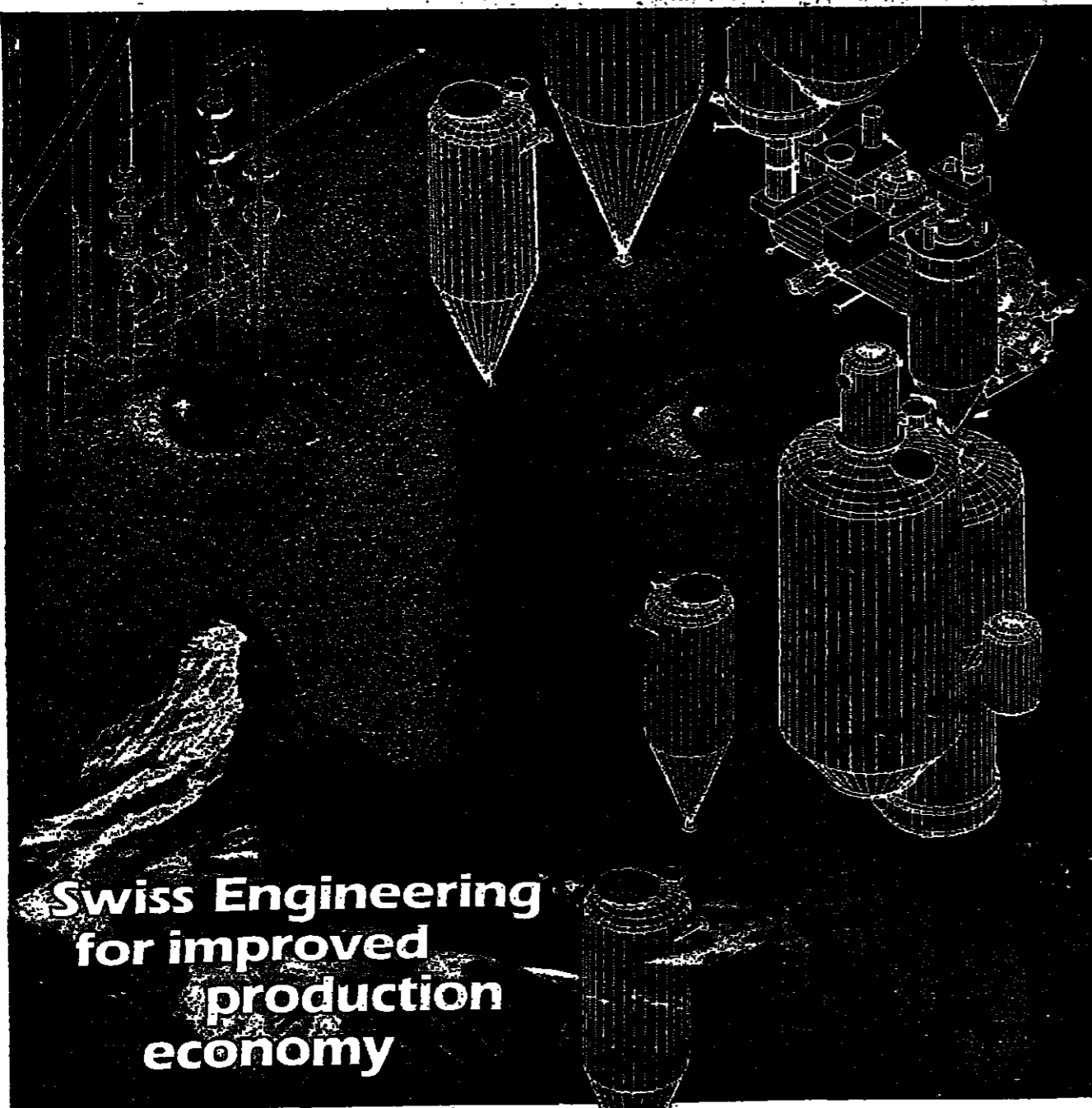
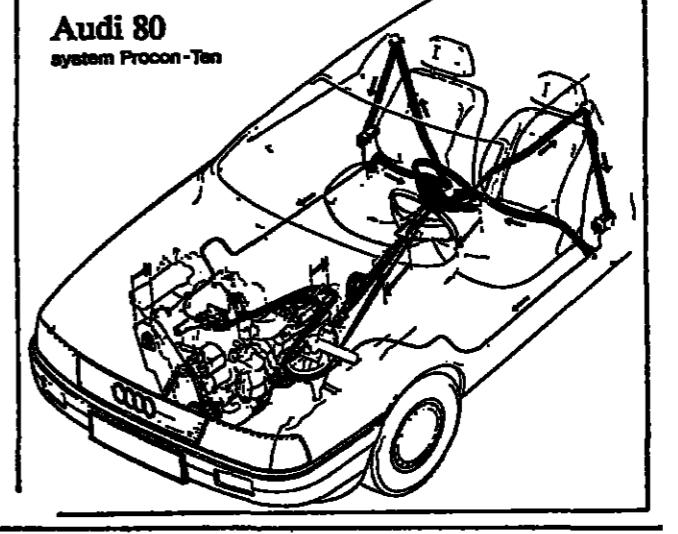
The front axle is lowered on to supports that are equipped with sensors that measure speed and out of balance forces. The sensors are cable connected to a display board that clips over the steering wheel and is powered from the cigar lighter. The wheels are driven by the car's engine.

After quickly calibrating the system using a simple knob adjustment and a display, a second display shows what weight is to be added to

each wheel and where round the 360 degree periphery it should be placed. The system costs £1,994.

FACTORY LINKS between McDonnell Douglas's computer-aided design systems and programmable co-ordinate measuring machines (CMM) from various manufacturers have been announced by the US-based company.

With the measurement and sectional data of the CMM fed into and therefore known by the software database of McDonnell Douglas's Unigraphics II CAD software, the user can generate and simulate co-ordinate measurement programmes that will directly control the actions of the CMM for a specific inspection job.



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19th September, 1986

## THE ARTS



### Music

#### LONDON

London Symphony Orchestra and Chorus conducted by Richard Hickox. Brahms, Kodaly and Respighi. Barbican Hall (Tue), (838 8891).

Academy of St Martin-in-the-Fields conducted by Sir Neville Martinson with Margaret Marshall, soprano, Carolyn Watkinson, mezzo-soprano, Robert Tear, tenor and Benjamin Luxon, bass. Tippett. Royal Festival Hall (Tue), (828 3181).

Philharmonia Orchestra conducted by Giuseppe Sinopoli. Mahler 6. Royal Festival Hall (Wed).

London Symphony Orchestra conducted by Christopher Ady with Malcolm Blum, piano. Dukas, Tchaikovsky, Rimsky-Korsakov and Stibelica. Barbican Hall (Wed).

London Symphony Orchestra conducted by Maxim Shostakovich with Lynn Harrell, cello. Shostakovich. Barbican Hall (Thurs).

#### PARIS

Anna Stella Slick: piano. Schumann, Villa Lova, Gershwin (Mon). Salle Gaveau (4583 2030).

Israeli Philharmonic Orchestra conducted by Leonard Bernstein, Shari Greenwald, soprano; Bernstein, Foss, Dvorak (Mon), Salle Pleyel (430 0030).

Paul Kuentz Orchestra: Vivaldi, Telemann, Mozart, Albinoni, Barber (Tue). Saint-Severin Church (4633 8761).

Orchestra de Paris conducted by Daniel Barenboim. The Orchestra de Paris' choir conducted by Arthur Oldham to celebrate the choir's 10th anniversary. Beethoven's 9th Symphony (Wed, Thurs). Salle Pleyel (4583 9796).

Berlin Philharmonie: Munich Philharmonic Orchestra, conducted by Sergiu Celibidache. Bruckner (Wed).

#### WEST GERMANY

Münchener Kammerorchester. Tchaikovsky, Brahms, Liszt (Tue). Lincoln Center (974 2424).

West German Radio Philharmonic Orchestra, conducted by Sergiu Celibidache. Bruckner (Wed).

#### ITALY

Milano: Teatro alla Scala: Arren, piano. Liszt. (90 91 26). (Tue).

Milano: Stabilementto Anselmi (Via Tortona, 56): Beethoven and Francaix given by the chamber music section of La Scala Orchestra (Tue) (90 91 26).

Milano: Teatro di Milano: Beethoven's Missa Solenne conducted by Carlo Maria Giulini, with the soprano Barbara Hendricks, contralto to Anne Sjevan, tenor Josef Protschka and bass Robert Holl on Wed. (On Thurs at Teatro alla Scala). (90 91 26).

#### NETHERLANDS

Amsterdam, Concertgebouw. Antoni Row-Maria conducting the Netherlands Philharmonic with Maria Tso, piano. Honegger, Mozart, Haydn, Ravel (Tue). The Philip Glass Ensemble (Wed). (71 83 45).

Rotterdam, De Doelen. The Rotterdam Philharmonic under James Conlon, with Frans Helmerson, cello. Dvořák, Britten, Ravel (Thurs). (414 29 11).

#### VIENNA

Maria Theresia, piano. Sibelius, Beethoven, Debussy. Musikverein. Brahms Saal (Tue).

Peter Franzosky, organ. Schubert, Mendelssohn, Schmitt, Fluryavsky. St. Stephan Cathedral (Wed).

#### NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting. Itzhak Perlman violin. Corelligiano, Bartok, Brahms (Tue). Zubin Mehta conducting. Andie Watts piano. Hans Schmitt, Liszt (Thurs). Lincoln Center (974 2424).

Two retrospectives will be William Wyler's 1936 feature, Doolittle, and Erich von Stroheim's The Wedding March, part of the series which has been more considered the prize introduction of new European directors to America.

Hollywood studios now value greater at the festival, with Jim Jarmusch's Down by Law opening the event on Sept. 19 and Francis Ford Coppola's Peggy Sue Got Married opening it on Oct. 5. Alice Tully Hall, Lincoln Center. (362 1911).

#### CHICAGO

Frank Lipsius

Chicago: The State Leningrad Philharmonic Orchestra, conducted by Evgeny Mravinsky. Shostakovich, Tchaikovsky. Ethel Miesner Hall. (255 1661).

### Theatre

#### TOKYO

Roman and Juliet (in Japanese), an important new production directed by internationally known Kabuki female impersonator, Tamazaburo Bando, starring Hiroki Senada and others. Sunshine Theatre, Ito-kyo (987 0281).

#### NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically bold, but classic only in the sense of a rather staid and overblown idea of theatricality. (238 0202).

42nd Street (Majestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film. The Shuffle Off to Buffalo with the appropriately brass and leggy hoofing by a large chorus line. (977 0026).

A Chorus Line (Shubert): The longest-running musical ever in America

#### NEW YORK FILM FESTIVAL

has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (238 0202).

La Cage aux Folles (Palace): With some musical Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (737 2628).

Fin. Not. Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldesters on Central Park benches who bicker uproariously about life past, present and future with a funny plot to match. (238 0202).

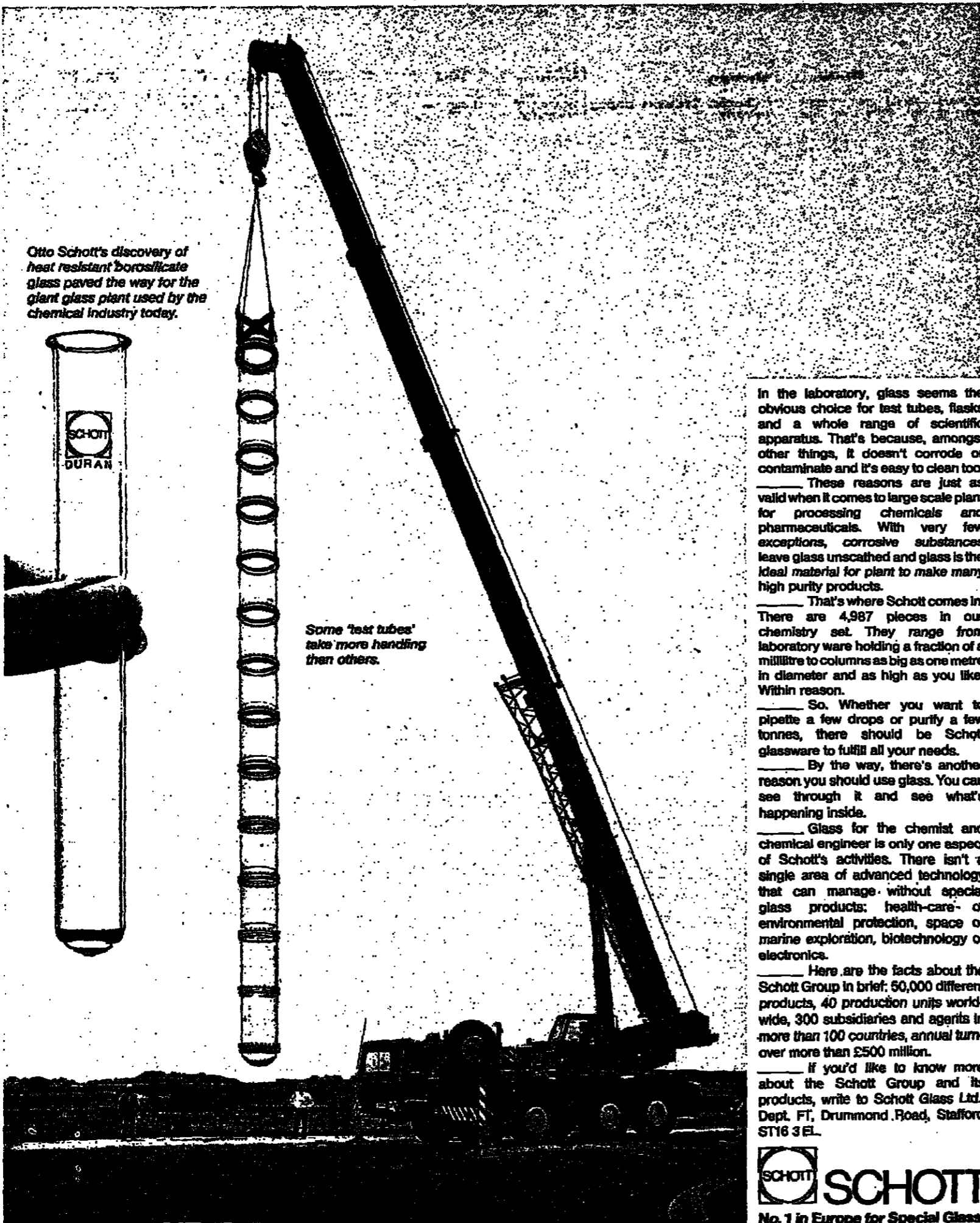
Big River (O'Neill): Roger Miller's music

#### CHICAGO

Chicago: The State Leningrad Philharmonic Orchestra, conducted by Evgeny Mravinsky. Shostakovich, Tchaikovsky. Ethel Miesner Hall. (255 1661).

Chicago: The State Leningrad Philharmonic Orchestra, conducted by Evgeny Mravinsky. Shostakovich, Tchaikovsky. Ethel Miesner Hall. (255 1661).

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**Marriott**  
HOTELS + RESORTS

Continued on Page 21

THE ARTS

Cinema/Nigel Andrews

Curious folly of rocky horror films

Captive directed by Paul Mayersberg... Duet directed by Marion Hansel... A Fine Mess directed by Blake Edwards... F/X directed by Robert Mandel... Pölgereist II directed by Brian Gibson

(she has learned no notable thespian skills from her director father Peter) to dialogue full of portentous maxims. "Never judge a face by its mask," says one of the terrorists. Says another: "A bourgeois is anyone who's afraid of losing their place in the queue" (not to mention their command of English grammar).

murder, rape and mental crisis following in momentous, if not swift, succession.

Director Hansel has a fine eye for tableaux barely oocent. Birkin framed against dusty terracotta walls or Howard sitting on the verandah, surly, plump, inert, like some gross butchrician. And sometimes a flurry of expressionism disturbs the long days: eyeblink freeze-frames, or fantasy glimpses of murder by Birkin as she sees herself axing Pa to death.

Director Hansel has a fine eye for tableaux barely oocent. Birkin framed against dusty terracotta walls or Howard sitting on the verandah, surly, plump, inert, like some gross butchrician.

Better the ambitious misfire, however, than the failed pot-boiler. Peter Ustinov once described a character he played, the Cockney crook in Topkapi, as someone who aimed low and missed. It is exactly this with the weak Hollywood offerings: A Fine Mess, F/X and Pölgereist 2.



Shireen Shah, Brian Hall, Brenda Bruce and Mona Hammond

Ask for the Moon/Hampstead

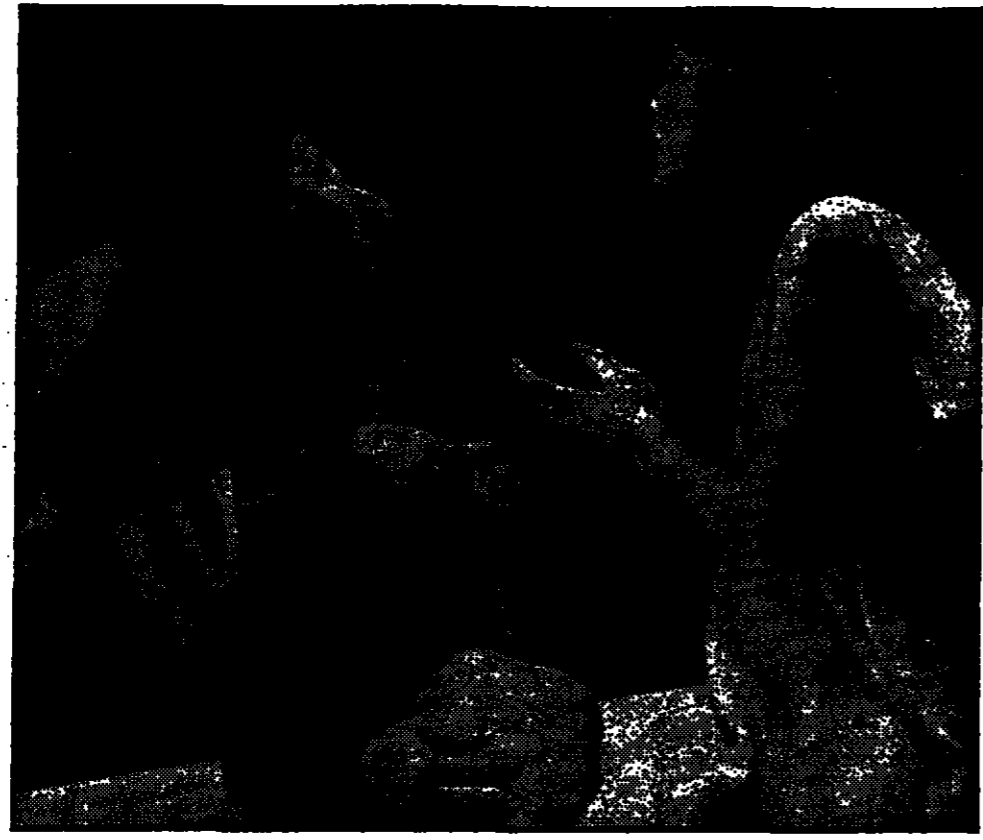
Michael Coveney

On one side of the stage sit three mid-19th century lace-makers in bonnets and aprons, bobbing on their laps. On the other, a present-day sweatshop churning out blazers and skirts from clumsy modern patterns as the old employee Lil is locked in argument with the West Indian Carrie, mother of six, who wants to organise the workers.

One trouble with Shirley Gee's play, at the Hampstead Theatre, is that you never know where you are.

The two worlds are linked by a discussion of pride in work. The lace-makers unravel a bridal veil, one of them draping it ecstatically above her head as a canopy. Their work is exact and artistic, periwinkles and birds threaded through the fine spun material. Today, even the pride in seamer and velvet is vanishing. The sound and sight are just as unreasonable and the foreman Eugene reduces old Lil's rate before firing her. Lil is the grand-daughter of the seamstress Fanny who refuses to abandon her sickly child.

The best scenes, though, are the final showdowns between Lil and Mona Hammond's impetuous Carrie, the women going for each other's jugulars and subduing into a poignant farewell after Lil has been sacked. Miss Bruce, tough, gravelly-voiced and formidable, cuts the buttons from her coat and carves a strip to her slip in a passage of great pathos, defiance and dignity.



Irina Brook (centre) is brainwashed by Hiro Arai and Corinne Dacla in Captive

In a week storming us with strange follies, none is stranger than Captive. And certainly none more of a folly. This meditation on terrorism, vaguely inspired by the Patti Hearst story, marks the writing-directing debut of Paul Mayersberg, who scripted 'Rogue's Eureka'. In a fantasy-Gothic English castle dwells bearded Oliver Reed and his beautiful daughter Irina Brook. One day a gang of obnoxiously motivated terrorists with foreign accents kidnap the girl. "People are going to think set is poleical," says their leader "D" (Xavier Delenc).

Saxton and Rogg/Festival Hall

Dominiac Gil... The Ring 2... Eternity by Robert Saxton was the new work in Wednesday's London Mozart Players concert conducted by James Glicken. Also included symphonies by Haydn and Mozart, and a Mozart piano concerto. It is a short piece, scored for small orchestra, around nine minutes long.

London Jupiter Orchestra

Richard Fairman... As new social groups move East of the City, so new cultural activities follow. The London Jupiter Orchestra has been formed with the express intention of basing itself in East London, performing in a variety of venues from Aldgate to the Docklands.

Michael Clark/Sadler's Wells

Clement Crisp... In an age of graffiti there is little very surprising in the sort of angry scribbles that Michael Clark choreographically daubs. That the writing appears low-down on the artistic wall and is largely confined to the more brutish monochromes is unsurprising. Over the past few years Mr Clark has gained a reputation as a child of his time, an easily recognisable symbol of mocking and disorientated youth.

Continued from Page 20 Opera and Ballet

PARIS Opera Koenig, Naxos, Le Festival des Français, Théâtre Mogador (4874 5724).

particularly strong cast with Iona Tokody, Hildegarde Hachele and Alejandro Ramirez (25 621). Stuttgart, Württembergische Staatstheater: Die Fledermaus will have the main parts sung by Mihayo Vargas, Eva Lind and Tomi Köhler: (26 321).

conducted by Barava with Zampieri, Otravozova, Simionida, Cappuccilli. (51 444 28 55). Volkspops: Madame Pompadour: Orchester der Universität Schwabinger (51 444 28 57).

Elly Ameling/Wigmore Hall

Max Loppert... Elly Ameling gives this week two Wigmore Hall recitals; the first of them, on Wednesday, she played as a Goethe concert. The programme was grouped as portraits of the female figures in Goethe's poetry - Mignon, Gretchen, Klärchen, Suleika chief among them - as various great Lied composers (Schubert, Wolf, Brahms, Schumann and Loewe) recreated them in song. It was a distinguished collection, and it made an attractive set of musical sequences, which Miss Ameling linked with brief words of introduction, explanation and comment; this too was attractively done.

Exhibitions

ITALY Venice: Museo Correr (Ala Napoleonica): Le Corbusier: painter and sculptor. Over 200 of his lesser-known works, including sculpture, watercolour, pencil drawings and collages by the great French/Swiss architect. Le Corbusier loved Venice and visited the city frequently. The exhibition includes his project for the Ospedale a San Giobbe, in Venice, designed during the last year of his life (1929). Ends Oct 30.

the Prado collection includes works not seen for 15-20 years as well as recent acquisitions. Tiepolo, Bayon, Maella, Paret, Juan Bautista, Mengs, Palencia de Villahermosa, Plaza de las Cortes & Ende Sept 30.

from the period 1694-1733 of great Electors are on loan from Dresden's royal cultural collections. The eight royal collections are presented separately with characteristic masterworks. There is also one of the oldest and most complete coin collections in the world and a huge collection of arms and copper engravings by Boucher, Charlot, Füssli and Tiepolo. The picture gallery includes works by Titian, Foussin, Velasquez, Rubens, Rembrandt and Cranach. Ends Nov 2.

Metropolitan Museum of Art: 40 Impressionist and early modern paintings from the Hermitage in Leningrad and the Pushkin Museum in Moscow include works by Picasso, Modigliani and Chagall rarely seen in the West. Ends Oct 5.



POLITICS TODAY

No doubts now over Dr Owen

By Malcolm Rutherford

THE late night revue staged by the Social Democrats at the annual conference in Harrogate this week kept featuring a placard saying: "Not forwards, not backwards, but sideways."

without in any way undermining the Atlantic Alliance—there were certain things that might be done. For instance, there might be Anglo-French agreement on targeting of nuclear weapons, and on harmonising the re-issuing of their nuclear fleet so that the two countries between them would always have sufficient nuclear forces at sea at any one time.



Liberal vocabulary, though how far Mr Steel's rank and file will buy the compromise depends to a large extent on the Liberal Assembly in Eastbourne next week.

able if it turned its back on nuclear weapons without considering a European alternative. Unemployment — one of the other issues which Dr Owen said at the start would dominate the election campaign — was not much addressed directly.

tax reform and the relief of poverty as his main theme. It was the right one for the conference which had shown its enthusiasm for making sacrifices in favour of the poor in the tax and benefits debate earlier in the week.

Lombard Own goal by the Russians

By Patrick Cockburn

WHY DO Soviet foreign policy makers periodically shoot themselves in the foot? Until very recently, the Soviet Union seemed nicely balanced in terms of its international image. There was a chance of some measures of nuclear arms control being agreed with the US, leading to a second summit between Mr Gorbachev and President Reagan.

a month before Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr George Shultz, his US counterpart, were due to meet, was seen as a test of just how much Moscow was prepared to talk.

Agencies for the North From Dr R. Hudson Sir—Some months ago you reported that business people in the North of England would strongly support the establishment of development agencies in their areas, modelled on the Scottish Development Agency.

Letters to the Editor Estates, industrial property portfolio rather than vice versa, as English Estates has suggested. Dr R. Hudson, University of Durham, Department of Geography, South Road, Durham

Main chance resisted at the Savoy From the managing director, Savoy Hotels Sir—Several critical comments by Mr Donald Main, finance director of Trusthouse Forte, were added to the half-yearly results (September 10) of the Savoy. As you had hardly reminded you, Trusthouse Forte has been trying for five years to take over this company and has so far been successfully resisted.

A glut of tax legislation From Mr C. N. Beattie, QC Sir—Parliament has in the past seven years under Conservative rule enacted more tax legislation than in any other seven-year period in this country's history. What is the matter with our Treasury Ministers and MPs that they reach the statute book? The answer can only be that they do not care less.

Why the Airbus must stay independent From the national organiser, TASS Sir—According to your editorial (September 12), "the sensible course" for Airbus Industrie is to drop plans to produce the A340, collaborate instead with McDonnell Douglas on the MD-11 and invite it to co-operate on the A330. This you say would "nearly all the gap in the US manufacturers' range" and would be "commercially realistic."

Cautionary tale From Ms J. French Sir—You referred (September 15) to the members of Gatt as the child of Belle's rhyme "who kept a hold of Nurse for fear of finding something worse." In fact, the child (whose name was Jim) failed to do just that, and ended up being eaten alive by a lion.

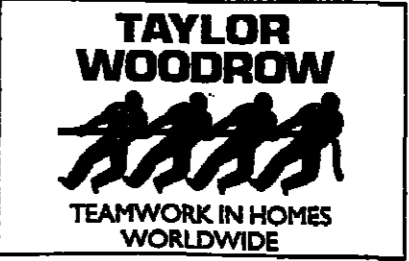
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SECTION II - COMPANIES AND MARKETS  
FINANCIAL TIMES

Friday September 19 1986



Union Pacific in \$1.2bn truck company takeover

BY ANATOLE KALETSKY IN NEW YORK

UNION PACIFIC, the large US railroad and energy company which operates between Chicago, California and Texas, is taking over Overnite Transportation, a major East Coast trucking operator, in an agreed cash transaction worth \$1.2bn.

The acquisition appears to be the first positive step in a corporate restructuring of Union Pacific being masterminded by Mr Drew Lewis, the former US Transportation Secretary and corporate turnaround expert who took over as the railroad's chief executive this summer.

Union Pacific's offer of \$1.2bn compares with Overnite's 1985 net profit of \$30m on revenues of \$470m. However, analysts pointed out yesterday that Overnite's profits have been climbing rapidly this year, partly as a result of the benefits from cheaper oil prices. Entry into the road transport business is therefore seen in part as a way of offsetting Union Pacific's exposure to the energy sector.

Miami cable television group put on sale for \$350m

BY WILLIAM HALL IN NEW YORK

WOMETCO Cable TV, a medium-sized cable TV company which went private in late 1983, has been put up for sale for a price expected to be over \$350m.

Wometco was founded in 1925 and is a leisure company with interests in cable TV, television broadcasting, subscription TV, Coca-Cola bottling and automatic vending and entertainment machines. It has revenues in 1982 of \$408m and Wometco Cable TV had revenues of \$46m.

Early last year the soft drink bottling business was sold to Coca-Cola bottling for \$300m. The cable TV business has grown considerably since the company went private with the number of subscribers increasing from 200,000 to 350,000, located primarily in Georgia, North Carolina, South Carolina, Louisiana and West Virginia.

Motorola launches 32-bit superchip

MOTOROLA, the US electronics and semiconductor group, has introduced the MC88030 32-bit superchip, which it said offers twice the performance of the industry leading 28-bit chip.

It said the new superchip performs at an average speed of about 10m instructions a second, nearly double that of Digital Equipment Corporation's (DEC) Vax 8900 super microcomputer.

The company said production should start in March and pricing has not yet been set.

IBM announces price cuts to boost sales

BY LOUISE KIHIOE IN SAN FRANCISCO

IBM yesterday announced price cuts and improvements on its range of high performance "RISC-technology" personal computers (RT PC), which are primarily used as engineering workstations.

Sales of the IBM RT PC have been sluggish, according to US industry analysts, who see the price cuts as a move to boost PC RT sales and to make the IBM workstations more competitive, with products offered by companies such as Sun Microsystems and Convergent Technologies.

Advertisement for U.S. \$200,000,000 J.P. Morgan & Co. Incorporated Floating Rate Subordinated Capital Notes Due December 1997. Includes CITIBANK logo.

US group in \$260m takeover

AMERICAN Home Products, the drug, food and household products group, has signed an agreement to acquire Chesbrough-Pond's hospital products division for \$260m, AP-DJ reports from New York.

Earnings flat at Rhône

RHÔNE-POULENC, the large nationalised French chemicals group due to be privatised by the conservative Government, yesterday reported unchanged first-half earnings of FF 1bn (\$150m).

FRANCE'S BIGGEST OIL GROUP PAVES WAY FOR PRIVATISATIONS

Elf share sale to raise FF 4bn

BY DAVID MARSH IN PARIS

THE FRENCH Government is preparing to raise around FF 4bn (\$602m) from the sale of part of its majority stake in Elf Aquitaine, the country's biggest oil group.

The sale of part of the Elf share in Elf has been affected by uncertainties surrounding the Elf share price, hit by the recent Paris bourse downturn as well as the slide in oil prices.

However, the Paris bourse recovery this week now appears to have made the Government more confident about arranging the sale.

At the beginning of the month Elf was given authorisation to raise up to FF 10bn through a range of diverse securities market operations including convertible bond issues.

Bousteadco losses widen in first half

BOUSTEADCO Singapore, a diversified trading group, said its first half after-tax loss grew to \$2.1m in the first six months of 1986 from a loss of \$1.8m in the same period a year earlier.

Western Pacific to go private for \$360m

BY OUR FINANCIAL STAFF

WESTERN PACIFIC Industries, a New York City producer of counting devices, fasteners and industrial precision components, is set to go private in a deal valuing the company at about \$360m.

However, this did not include Mr Howard Newman, chairman and chief executive and a major shareholder.

Amer sells sports unit for FM 105m

By Olli Virtanen in Helsinki

AMER GROUP, the Finnish company with interests in car imports, tobacco, clothing and communications industries, has sold its unprofitable sports goods division to the Finnish company, Karhu-Titan, for FM 105m (\$21m).

The company said, however, that it expects to return to profitability in the second half of the year following rationalisation measures.

The after-tax loss was increased by an extraordinary loss of \$299,000, most of it from the disposal of an Australian investment.

Western, which has 10 manufacturing and office facilities in the US and worldwide, recorded net income of \$36.2m last year on sales of \$188m compared with \$41.1m and \$167m respectively a year earlier.

The deal will create the world's largest manufacturer of ice hockey sticks with annual production of 5m. Karhu-Titan will also make other ice hockey equipment.

Banque Misr shows strong yearly growth

By Tony Walker in Cairo

BANQUE MISR, the large Egyptian public sector commercial bank, returned net profits of E240.5m (\$30m) in 1984-85 after substantial provisions for bad debts.

SIP announces funding move

BY JOHN WYLES IN ROME

SIP, the Italian state telephone and telecommunications company, yesterday announced a L4000m (\$995.1m) increase in its share capital to finance future development.

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**INTL. COMPANIES and FINANCE**

**Telefonica plans to withdraw from venture with Ericsson**

BY DAVID WHITE IN MADRID

TELEFONICA of Spain has started "conversations" with Ericsson of Sweden on pulling out of their joint manufacturing venture, the semi-state Spanish telecommunications company said yesterday.

Compañia Telefonica Nacional de Espana holds 40 per cent of the joint venture, Industrias de Tele-Comunicacion (Intelisa), which makes public and private telephone exchanges, telex and other equipment. L.M. Ericsson holds the remaining 51 per cent.

The planned withdrawal forms part of a new Telefonica policy which involves shedding some of its holdings in established supplier companies. Telefonica also wants to pull out as a direct shareholder of ITT subsidiaries in Spain if and when it becomes part of the planned new grouping formed by

ITT and Compagnie Generale d'Electricite (CGE) on France.

The future of ITT's main Spanish operation, Standard Electrica, in which Telefonica holds just over 20 per cent, and its sister company, Marconi Espanola, is to be negotiated in a special working group between Telefonica and CGE.

This group, based in Madrid, is one of two special commissions agreed on in talks this week between the two chairmen, Mr Luis Solana and Mr Pierre Suard. The other commission, due to meet in Paris, will discuss the organisation of the planned CGE-led venture, Eurotel, in which Telefonica initially said it would take a 10 per cent stake.

Mr Solana has been trying to redefine Telefonica's commitment to the manufacturing side of the

business, replacing the idea of a rigid group by that of a "revolving holding company." This means taking part in new ventures while spinning off its interests in companies once they have become sufficiently large and competitive. Its first move in this direction was to open up the capital of a telephone supplies company, Amper, the shares of which were introduced on the stock market earlier this year.

The Swedish-controlled Intelsa, set up in 1970, is the third largest producer of telecommunications equipment in Spain, after the ITT outfit Standard Electrica and Telefonica's subsidiary Sintel. Last year it had sales of Pta 12,420m (\$94m), including Pta 680m of exports, and produced a net profit of Pta 1,520m. About 65 per cent of its sales are to Telefonica.

**Coca-Cola hopes to sell off interests to SA blacks**

By William Hall in New York

COCA-COLA, the world's largest soft drinks company which is pulling out of South Africa, plans to sell some of its bottling and canning operations to black South African investors.

Mr Donald Krough, president of Coca-Cola, said the company has been reducing its investment in South Africa since 1976 and has now decided to sell its remaining interests there.

However, he stressed that Coca-Cola intended to divest "in a way that creates significant, multi-racial equity participation in the South African soft drink industry."

"Our goal is to structure the transaction in a way that improves the prospects of black South Africans and increases their ability to invest in their country's economy," said Mr Krough.

The company's decision to "complete the process of divestment is a statement of our opposition to apartheid and of our support for the economic aspirations of black South Africans."

South Africans would still be able to buy Coca-Cola, but the secret Coca-Cola syrup would probably be supplied from one of the group's non-US operations, he added.

Details of the sale of the company's remaining South African holdings are being worked out.

**East Asiatic seen improving**

By Hilary Barnes in Copenhagen

EAST ASIATIC, the large Danish international trading and industrial group, is on target to increase net profits from DKr 201m last year to DKr 250m (\$32.8m).

First-half sales and gross operating profits were down, however, reflecting the effect of conversions to kroner of dollar sales and disposal of subsidiaries.

Sales fell from DKr 9.2bn last year to DKr 8.9bn and gross operating profits from DKr 2.1bn to DKr 1.6bn. However, as a percentage of sales, operating profits increased from 22.7 per cent to 23 per cent.

**Schindler fall in sales due to exchange rate**

BY JOHN WICKS IN ZURICH

SCHINDLER, the Swiss engineering company, announced a 1.2 per cent drop in group sales for the first half of this year to SFr 873.8m (\$333m).

This was due solely to the exchange-rate situation. Increases in turnover in terms of local currency were high enough almost to offset a 15.3 per cent negative influence from the higher Swiss franc.

Currency developments showed up much more clearly in group figures for new orders. These were down by 8.1 per cent on the first six months of 1985 to SFr 904.4m. With

in this total, orders for lifts and escalators dropped 15.4 per cent to SFr 263.8m; while those for other products jumped 48.4 per cent thanks to a major Swiss railways order for rolling stock.

Furke, of Zurich, is to take over a majority stake in the West German laminates producer, Resopal Werk H. Roemmler from the Mannheim subsidiary of the Swiss Brown Boveri group.

The transaction, for which no price has been disclosed, foresees an option for Furke to take over the balance of ownership in Resopal.

September, 1986

This announcement appears as a matter of record only.



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August 1986

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To the Bondholders: 19th September, 1986

ASICS CORPORATION (the "Company") hereby gives notice of the issuance at 3:00 p.m. on 10th September, 1986 (London time) by the Company of the U.S.\$12,500,000 3 1/8 per cent. Guaranteed Notes due 1991 with Warrants to subscribe for shares of common stock of the Company ("shares"). The initial subscription price per share of shares issuable upon exercise of such Warrants was less than the current market price per share (as defined in the Terms and Conditions of the captioned Bonds) on 28th August, 1986 (the date on which the Company fixed the initial subscription price). The conversion price in respect of the captioned Bonds, which was previously 449.5 yen per share, consequently has been reduced to 446.2 yen per share in accordance with the Terms and Conditions. The new conversion price became effective on 10th September, 1986 (Tokyo time).

ASICS CORPORATION  
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To the Bondholders: 19th September, 1986

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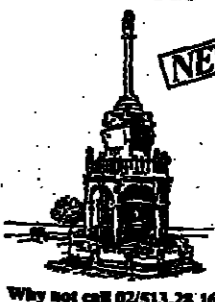
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# FINANCIAL TIMES SURVEY

Friday September 19 1986

## Employee Welfare

IN A MODERN, forward-looking organisation, employee welfare adds up to something much bigger and more dynamic than merely abiding by legal requirements to provide a safe working environment.

Industrial relations, productivity and staff loyalty can all be influenced for the better by the quality of working conditions and benefits provided by employers. In fields where skilled staff are in short supply, benefits in addition to direct pay can make the difference between retaining and losing key personnel.

This is leading to increased efforts to make the workplace a more attractive as well as a safe place, and to devise sophisticated benefits packages and other non-pay trimmings for employees.

But however good a company's fringe benefits may be, the most important basic welfare need remains the protection of employees from the risk of damaging their health at the workplace and the prevention of occupational diseases.

In Britain, responsibility for advising industry and monitoring occupational health problems is in the hands of the Health and Safety Executive's medical services. The sharp decline in manufacturing and other traditional industries during recent years has produced notable changes in the type of problems confronting the executives. A surviving list of industrial diseases which have to be notified by law under the Factories Act such as phosphorus poisoning and toxic jaundice — describe little about the nature of occupational health hazards in the 1980s, and are recognised by the executive as being increasingly less relevant to present-day problems.

New worries have arisen, of which the most familiar surround the widespread introduction of the video display unit. With the advent of the VDU white-collar office staff share for the first time anxieties about health hazards in the workplace which industrial workers have experienced for generations.

Concern has ranged over possible muscular, visual and skin problems and dangers to pregnant women. The field remains one where there is far more debate than conclusive evidence.

Dr J. T. Carter, the Health and Safety Executive's director of medical services, said when presenting his most recent report that while many good employers understood the need for sound advice on occupational health, large sections of industry had yet to do so.

"Unfortunately, much of our work in the field is assisting industry to come to grips with health problems which have arisen only because of a failure to recognise known risks or to control them," Dr Carter said.

"This is especially true of the less publicised but common occupational illnesses such as asthma, dermatitis and repetitive strain injuries. We also frequently become involved at a late stage when employers have failed to consider the medical suitability of individuals for jobs in a clear and fair way."

The executive is continuing

The quality of working conditions and fringe benefits can influence productivity and industrial relations. Protection of health remains the most important need.

### Value of broad approach

to implement or consider recommendations from a House of Lords Science and Technology Committee investigation into occupational health and hygiene services, which included a call for an occupational health Code of Practice for various types of industry to be developed.

A serious disparity between the excellent occupational health services which have been developed by some large employers and the poor provision in many medium-sized and small companies was noted by the House of Lords committee.

Officials in the Health and Safety's Executive medical services estimate that up to half the British workforce — some 10m to 12m people — work in places where there is little or no occupational health provision.

Risk levels are no less great in such workplaces, and they are equally no less great in small businesses which lack proper specialist advice. Since many small firms could not afford — and often would not require — full-time professional occupational health support, the executive is trying to encourage companies to group together and share services.

Many companies which do provide well-developed occupational health facilities no longer restrict themselves to monitoring and preventing problems resulting directly from the working environment. In these companies the workplace is becoming an important location for wide-ranging health education and promotion activities.

Advice on preventing major killers and incapacitating diseases, such as heart disease and cancer, counselling individuals with drink, drugs and other personal problems, can all form part of this wider programme for action.

In a similar way, encouraging the provision of healthier food in company canteens, developing workplace exercise and sporting facilities and finding ways of reducing stress at work, are also included.

Some companies not only give advice and counselling, but are now offering their employees more extensive health management packages. IBM, for example, offers all its 16,000 employees both medical insurance and medical screening through the British United Provident Association (BUPA).

BUPA says the introduction of medical screening is a significant step in Britain. With IBM's example being followed by other companies.

The provision of private medical insurance as part of a benefits package, particularly for managerial and white-collar staff, is now a familiar feature in many organisations. Negotiation of private health provision in collective agreements, however, remains a sensitive issue

to which many trade unions are opposed.

A leading exception to this is the agreement between the Electrical and Plumbing Union and the Electrical Contractors Association which has provided some 50,000 employees with medical insurance through BUPA.

About 15,000 of the electricians covered by the agreement have also received health screening, and BUPA says this has revealed a "stark comparison" between the manual

Health First, a private health insurance company, has this summer launched what it believes is the first initiative to encourage employers to improve the nutritional value and quality of canteen and staff restaurant food. Companies joining the scheme can have their canteen menus analysed on the nutrition computer at the Nuffield Institute as a basis for introducing selections of healthier food.

Many employers without canteens provide employees with meal vouchers. Worldwide, meal vouchers to the value of £900m a year are used but the average daily spend in Britain — 58p compared with £1.50 in France and Italy and £2.30 in Belgium — is close to the bottom of the league. The level of tax relief available on meal vouchers in Britain is also low by international standards.

Luncheon Vouchers, which was taken over by the French-owned Accor Group last year, believes there is considerable potential for expanding the British market — both through enrolling more employers and encouraging those who already provide vouchers to increase their daily face value.

At present 14,000 British companies give Luncheon Vouchers

employees and management groups of the same age. As a result of the health checks, says BUPA, many of the electricians are radically adjusting their lifestyles.

Company-financed or subsidised membership of health and sports clubs is offered by many companies, and interest is also growing in putting managers through fitness physicals — programmes on which an individual's fitness is measured and then enhanced through improved exercise and diet.

Stress at work has become a subject of greatly increased interest in recent years. While stress does not lend itself to the same relatively clear identification and control as physical and chemical hazards, some employers and trade unions are giving positive attention to restructuring work in ways which eliminate unnecessary pressures.

The white-collar Association of Scientific, Technical and Managerial Staffs is an example of a union which has developed a policy on occupational stress. It starts from the viewpoint that the problem should be regarded as a collective rather than — as is usually the case — an individual one.

Often, says the ASTMS policy, individuals suffering from stress problems are advised to change jobs: too rarely is it recognised that it is the job itself which needs to be changed.

A Health and Safety Executive-funded study of occupational stress in driving instructors has been conducted in conjunction with the Department of Experimental Psychology at Oxford University, and the executive hopes this will provide a foundation for future guidance on controlling stress problems.

Some 1bn canteen meals are consumed by employees each year, and company catering facilities can be both a benefit for employees and an aid to improved welfare. Pressure for healthier food in company canteens and restaurants has been slower to develop in Britain than the US, but it is now increasing amid rising evidence of links between diet and disease.

rather than pre-occupied with safety procedures — nor spend enough money on them.

All employers of five or more people are required by law to have written health and safety policies. But the avoidance of accidents depends upon these written policies existing in day-to-day workplace activities as well as in filing cabinets.

Efficient, regular monitoring by managers has been shown to be an essential feature of successful policies, and last year the Health and Safety Executive's accident prevention advisory unit produced guidelines on how to monitor safety procedures.

The starting point of the guidelines is that "accident statistics are only one index of performance and even then are only an index of failure." It is calculated that for each major injury accident there are 10 property damage incidents. And for every property damage incident there are 20 near misses.

The guidelines say: "Any organisation experiencing a considerable number of near misses or damage-only accidents is walking a tightrope. Any slip can only result in what management may see as a sudden and inexplicable increase in injury and possibly fatal accidents."

The guidelines advocate the establishment of safety audits which should be "positive

to 400,000 employees — an annual turnover of £51m. Luncheon Vouchers has set itself a target of expanding this to £71m within three years.

Another welfare issue which is receiving increasing attention is the problem of passive smoking — non-smokers being forced to breathe air polluted by the smoke of others. A number of organisations in the US now operate policies which provide a smoke-free working environment, and the development is spreading to Britain. Ash — Action on Smoking and Health — is urging employers to adopt policies which recognise people's right to breathe smoke-free air.

One of the most important subjects relating to employees' welfare, and one which traditionally has been treated with much less interest by many employers and managers than it deserves, is pensions. Changes are coming here too.

On November 1 new government regulations on the disclosure of occupational pension scheme information come into force. These will require trustees of schemes to provide extensive information, including audited accounts, actuarial valuations and annual trustees' reports.

Top: staff restaurants are changing to provide a more health-conscious diet. Right: office layouts must be re-thought to create the right working conditions for using VDUs



### Accidents at work

## Fears on safety standards

FEARS THAT safety standards in the workplace are declining led to delegates to the TUC Congress this month passing a resolution which accuses many employers of showing a "blatant disregard" of the Health and Safety at Work Act.

The TUC intends to draw up its own 10-year programme to improve health and safety at work. Delegates to Congress called upon the TUC General Council to press the Government for an immediate substantial increase in the factory inspectorate, and for expanded powers for enforcement agencies.

This month's Congress debate reflected a widespread fear among trade unionists and others that economic pressures on both employers and the Health and Safety Executive are undermining the improvements in workplace safety which took place in many industries during the 1970s.

Statistics for manufacturing and service industries show that the number of people seriously injured at work has increased for each of the past three years. The reasons for this cannot be precisely determined, and may include more accurate reporting procedures in recent years. But there is concern that the increase also reflects the fact that many employers — particularly those in recently-launched small businesses —

neither know enough about safety procedures nor spend enough money on them.

All employers of five or more people are required by law to have written health and safety policies. But the avoidance of accidents depends upon these written policies existing in day-to-day workplace activities as well as in filing cabinets.

Efficient, regular monitoring by managers has been shown to be an essential feature of successful policies, and last year the Health and Safety Executive's accident prevention advisory unit produced guidelines on how to monitor safety procedures.

The starting point of the guidelines is that "accident statistics are only one index of performance and even then are only an index of failure." It is calculated that for each major injury accident there are 10 property damage incidents. And for every property damage incident there are 20 near misses. The guidelines say: "Any organisation experiencing a considerable number of near misses or damage-only accidents is walking a tightrope. Any slip can only result in what management may see as a sudden and inexplicable increase in injury and possibly fatal accidents."

The guidelines advocate the establishment of safety audits which should be "positive

rather than pre-occupied with safety procedures — nor spend enough money on them.

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Alan Pike

## Employee Welfare 2

### Pension schemes

# Greater involvement by staff

THE PROVISION by employers of pensions and other benefits to employees and their dependants is a longstanding employee benefit—by far the most valuable of all the benefits provided.

It has developed over the decades from being a welfare "grace and favour" provision made only to selected employees or groups of employees to the present arrangement of being considered as a "deferred pay" entitlement available to all employees with rights secured in a company pension scheme, established under a trust, that is separate from the company's own assets and financial structure.

Pensions and allied benefits are now accepted as an integral part of an employee's remuneration—a package where the terms are negotiated between the employee and the employees' trade union representatives.

Employees and their representatives are becoming more involved in the running of company pension schemes as employee representatives on the trustees boards and in the various administration committees.

This development of corporate pension provision has been fostered and encouraged by successive governments through generous tax arrangements.

Contributions get full tax relief and are invested in funds that are exempt of UK taxes. Pension payments themselves are taxed as earned income, but the cash sums available at retirement or paid on the death of an employee while still at work are paid tax-free.

However, the present Government is introducing sweeping changes in the UK's corporate pensions field. The 1986 Social Security Act has given employees valuable rights to obtain information from their pension scheme concerning both their



own benefit entitlements and details on the financial state of the scheme.

Employees who change jobs now have their accrued pension rights protected, to a certain degree, against inflation, while they have the option of taking the cash sum equivalent from their previous employer's scheme and investing it in an annuity from a life company.

The 1986 Social Security Act, it and when it is implemented in April 1988, will change the whole concept of pension provision which has been built up over the decades.

From April 1988, employees will have the right to opt out of their company scheme and make their own pension provision through a new-style personal pension.

Currently, employers can make the membership of the company pension scheme compulsory for employees as a condition of membership. Under the new framework, employees will be able to make their own personal pension arrangements. This change will require a new

attitude by employers towards pension provision for their employees.

Company pension schemes, in the main, operate on the defined basis, with the pension paid to employees at retirement being related to years of service and earnings at or near retirement. The employee knows the amount of pension in relation to his salary.

Personal pensions, in contrast, operate on a defined contribution basis. The level of contributions is known, but the ultimate pension will depend not only on the level of contributions but on investment conditions during the working life of the employee and above all on interest rate levels at the time of retirement when the accumulated fund is used to buy a pension.

The opponents of personal pensions, which includes the Labour Party, the TUC and trade unions, some employer organisations and large sections of the pensions industry, have highlighted the dangers of personal pensions both underpin-

ing company pension schemes and providing inadequate pensions for employees—not only from adverse investment performance but also because the minimum level of contribution is low.

The Government has decided that the minimum pension provision should match the State Earnings-Related Pension Scheme (Serps) even though the 1986 Act is cutting back its benefit levels, rather than the higher benefits provided by most company pension schemes.

Employers are under no legal obligation to provide more than the minimum contribution to an employee's personal pension, nor are they obliged to take an employee back into the company pension scheme once he or she has opted out.

Indeed, employers are under no obligation to have a pension scheme anyway. If employees opt out en masse, then employers may well be tempted to run down and eventually wind-up the scheme.

Nevertheless, many employers may feel they are under a moral obligation to ensure that all their employees have an adequate income in retirement and that dependants are financially protected in the event of death of the employee.

Indeed this latter obligation is more pressing if the employee dies at a young age leaving a widow or widower and young children. Although the precise requirements to protect widows and dependants under personal pensions has yet to be spelt out, it is likely that the protection will be far inferior to the very good benefits under a company scheme.

Employers who are concerned with the welfare of their employees and their dependants have to face these problems and decide how to provide that protection in this new era. In many cases it will call for a complete reappraisal of benefit provision.

In particular, it will involve the employer in selling the company pension scheme, something that comparatively few employers do at present, in the face of the marketing techniques used by the financial institutions and their sales force marketing personal pensions.

Banks, building societies, life companies and unit trusts will be able to offer personal pensions to employees. They can be relied on to display personal pensions as new, exciting and highly rewarding compared with the drab, though secure, company pension.

If their main marketing thrust is concentrated on the employees of the 12m employees not in company pension schemes, then employers with schemes have little to worry about and the Government's aim of pension provision coming mainly from the private sector will be achieved.

Indeed, the 1986 Act has removed many of the financial barriers to companies, especially small companies, setting up a company scheme contracted-out of Serps.

These institutions, particularly building societies, are already involved with companies in providing savings schemes for employees and savings vehicles for share option schemes.

Employers also face challenges to their existing corporate pensions structure from changing work patterns and particularly the trend towards earlier retirement, a change that is taking place even though the Government refuses to acknowledge it by adjusting the State pension retirement age.

Eric Short

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Testing lung function at a BUPA medical centre.

### Private health care

## Big rise in screening

REGULAR SCREENING of people to monitor early signs of disease is the fastest-growing area in the private health care industry.

BUPA, the private health care company with some 14 centres offering screening, estimates that while private medical insurance is growing at the rate of 3 to 5 per cent a year preventive screening is growing at an annual rate of about 10 per cent, albeit from a lower base.

AMI, the US-based private hospital group, this week announced 12 new health screening centres throughout England. The group already has one, AMI Lifestyle, formerly known as Physio-metric, at Chesdale, near Manchester.

During any screening—which includes blood tests, measurement of blood pressure, electrocardiogram, the taking of a detailed medical history—there is also a fairly lengthy interview which costs £160-plus per employee.

"More and more companies are now beginning to understand the correlation between poor health among their workforces generally and company profitability," BUPA says.

However, BUPA, the world's biggest computer company, is probably unique in Britain in its recent provision of health screening at BUPA centres for more than 12,000 employees, eligibility being defined as five or more years' permanent service with BUPA and aged over 25.

Dr John Aldridge, chief medical officer at BUPA, says: "The health assessment programme is consistent with BUPA's attitude of encouraging the good health and fitness of its employees."

IBM already provides BUPA medical insurance cover to its employees but Dr Aldridge says it makes more sense to prevent illness than to correct it after the event.

While many such packages are management inspired there's also a substantial interest in such deals among trade unions negotiating pay and conditions. While inflation is relatively low negotiators are increasingly looking for other benefits to increase the total value of pay in-

creases.

Traditionally, most of Britain's larger trade unions have provided some health facilities and benefits to their members including private convalescent homes.

Screening, however, is a fairly new area for trade union negotiators. And one major screening by BUPA of 15,000 workers in the electrical contracting industry, mainly members of the Electrical Plumbers and Allied Trades, revealed shop floor workers to be more at risk than executives from heart disease, stress, alcohol and obesity.

"We have disproved the fallacy that management is more at risk from ill health than other employees," BUPA says.

It is here that a person's lifestyle can be discussed and recommendations made to reduce weight or cut down on smoking.

BUPA, which is now starting to re-screen the electricians, reckons that this interview has played an important part in its encouraging changes in health it is monitoring among the men.

BUPA recommends that its screening service should be repeated every three years for someone aged under 35 and once a year for the over-50s. It has been offering the service since 1970 and now is in a position with several regular clients companies to offer company profiles.

"We can track changes in health in these companies and pinpoint growing problem areas," says BUPA, which last year screened 70,000 people.

Providers such as BUPA and AMI put regular screening into the wider context of occupational health, or "health management" as they now prefer to call it, and the provision of consultants to businesses to advise on health and safety matters generally.

Health management and health screening, according to

Lisa Wood

Clothing

## A big shift in type of user

THE LAST decade has seen a substantial shift in the provision of industrial workwear with a decline in traditional users in the so-called "smoke stack" industries and an increase in provision to service industries.

Frost and Sullivan, the international market research organisation, in a recent report on the Industrial and Sanitation Products Markets in Europe, said that employment in engineering and other manufacturing industries could decline by as much as 20 per cent by the end of the decade.

The other side of the coin, the report said, was that employment in health services and retail operations—both large workwear users—was set to expand by more than 10 per cent over the same period.

"It is worth noting that much of this growth in employment, and thus in the market for garments, will be in the areas in which women traditionally make up a large proportion of the workforce.

"This may mean proportionate increases in the female workwear market: more attractive garments, usually in lighter fabrics and in a broader range of colours predominate in this sector of the market.

"This is in contrast to the garments worn by men, where protection from a wide range of hazards is a principal consideration."

The report says whether forced by legislation or out of a sense of responsibility for his workers, an employer has several options in supplying his workforce. Different options are:

- Workers buy, clean and repair their own workwear;
- Employers supply workwear and the worker takes responsibility for its cleaning and maintenance;
- Employers supply, clean and maintain workwear using their own resources;
- Employers supply garments using rental companies, providing a service which includes cleaning and maintenance.

Any growth in the market is coming from rental, with many companies not able to provide the facilities to process workwear economically.

In the UK several major companies address this market, including Sketchley, Johnson, Fritchard and Initial. Within the sector, an estimated £180m a year, there has been a degree of rationalisation. Sketchley, for example, a major workwear cleaner, bought CCM, a major supplier to garment rental companies this year.

Within the sector there is a change of emphasis from dry cleaning of workwear to wet cleaning, a method which gives



Special clothing being worn for work in a clean room in a Scottish electronics factory.

a cleaner and more efficient wash. The development of poly/cottons has spearheaded this development since pure cottons, which pose problems when wet washed, demand dry cleaning.

"Cost, for example, is very important to the fast food business because overall is changed often," says Sketchley who recently commissioned a report on the industry.

"Improving service to the customer was a major priority. There are millions of rental garments floating around the country at the moment," Sketchley said, "but if just one individual does not get his or her garment on time there are major problems.

"We have to be able to guarantee that everybody gets an overall back at the right time."

Lisa Wood

Working conditions

## VDUs in forefront of talks

THESE ARE an estimated 12m Visual Display Units being used in the UK today and it is believed that by the end of the decade about half the workforce will be using one.

Office automation, and its impact on working conditions, has therefore come to the forefront of negotiations between employers and employees.

Strategies adopted by different unions have varied from receptive to restrictive, depending on whether unions feel they have more to gain than lose.

Among those with a more receptive approach, guarantees on health and safety have been at the forefront. For instance, the important issues such as de-skilling and loss of jobs, the new technologies bring major changes in the working environment and arouse considerable fears over effects on health.

Ms Sheena Wilson, a director of Building Use Studies, a research and consultancy business which specialises in looking at users' requirements in buildings, says: "If, for example, an individual is doing data inputting, which involves long periods sitting at a desk in front of a screen, any problem such as backache, stress, sore eyes and lack of fresh air becomes exacerbated."

The management of this change involves an examination of the whole office environment with many reports suggesting that health problems concerning VDUs are caused in the main by poor working conditions.

Recent independent research projects include a Health and Safety Executive commissioned study which includes:

- A study of the reproductive effects of working on VDUs;
- The effects of work pauses and work design;
- Study of lighting and VDUs.

Also it is commissioning two major research programmes examining the causes and incidence of repetitive strain injury among workers including VDU keyboard operators.

The introduction of new technology in some of the most enlightened companies has led, for example, to the development of a new breed of managers, called "facility managers" who co-ordinate all the activities involved in managing the building for the optimum support of productivity.

"Information technology simply does not work properly if a building is not designed in a suitable way," Ms Wilson says. "In addition, fixing out costs—such as those for ventilation, lighting and wiring—are enormous and it is crucial to get things working in a coordinated fashion."

For many employers issues such as ventilation—a major source of vexation for employees—comes low down the list of priorities as they strive to introduce the actual hardware. In turn, trade union negotiations have tended to focus on the more immediate concerns.

However, negotiations are becoming more sophisticated with the Trades Union Congress earlier this year introducing guidelines on VDUs. It is an

excellent document drawn up after a large International Conference on Free Trade Unions (ICFTU) conference in Geneva in 1984, and drawing on the TUC's own inquiries into VDUs.

Mr Robert Coyle, a TUC spokesman, says the three main issues were the effects of the equipment on health and safety, the ergonomics of each work place, and how long operators work on a VDU.

Mr Coyle says: "Manufacturers of VDUs have very much taken into account concerns over health and safety, and concerns of the trade union movement have influenced this.

"On the other hand, many good employers have tried to tackle the more general issue of ergonomics, that is the layout of the work station. This includes the provision of suitable lighting, blinds and chairs. This is not an easy issue, however, for what may provide a suitable environment for the VDU may not be comfortable for the worker."

"The third aspect, the organisation of work on the VDU, is perhaps the most important. We, for example, have recommended that union negotiators should aim to limit intensive VDU work to a maximum of 50 per cent of daily working time.

"But there are problems in this and we would suggest that managers arranged work schedules so that an individual does not just do work on a VDU."

On specific health issues the guidelines recommend that pregnant women, and women

planning to become pregnant, should have the right to transfer from VDUs. The concern here is over exposure to low-level radiation and its possible connection with miscarriages.

"The recommendation is a little unsatisfactory," says Mr Coyle, "because by the time a woman discovers she is pregnant and decides to come off a VDU, damage may have been done. However, we feel the recommendation is the best that can be made until we have research that shows conclusively that there are no harmful effects."

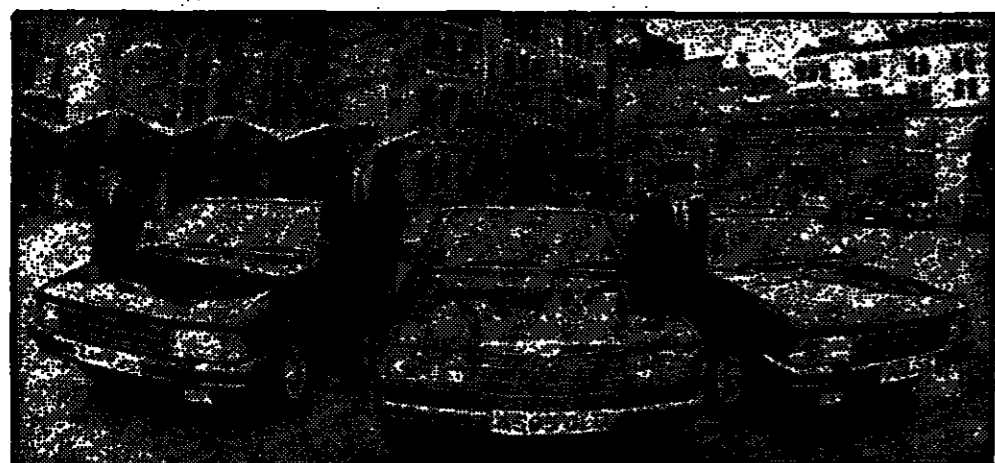
As far as the impact of VDUs on eyesight is concerned, Mr Coyle says there is no evidence to show long-term damage. But "problems could arise if an individual already has imperfect or impaired vision. For this reason we are recommending regular eye tests which should be paid for by the employer."

As to the response of employers to unions negotiating over such issues, Mr Coyle says: "Healthy employees are good for a business and they are good for industrial relations."

There is still much research to be done to improve the VDU environment. Take, for example, the use of spectacles with ultra-violet protection which some companies have offered to VDU operators.

There is a strong debate within the ophthalmic industry itself as to whether such articles satisfy a medical need.

Lisa Wood



The company car: a perk linked with status

Perks

## Integral part of pay

RESPONSIBLE companies anxious to increase the commitment of their employees to corporate goals are well aware that a well-structured fringe benefits package for staff can complement other welfare measures. Moreover, they also are increasingly aware that the term "fringe benefit" may be misleading.

Since these benefits can add approaching 40 per cent to total payroll costs in some companies, they are clearly not a fringe element in a company's calculation. Similarly, the term "benefit" has connotations of a paternalistic company seeking to patronise employees with a few extras thrown in.

Nothing could be further from the truth in those companies which see fringe benefits not as a gift but as an integral part of the remuneration and motivation package for its staff.

The Bureau of Labour Statistics has already dispensed with the fringe benefit expression, preferring instead the less widely—but more accurately—selected supplementary remuneration practices."

Whatever they are called, however, why have fringe benefits developed over the years as such an important part of employees' remuneration?

It is often overlooked that a number of supplementary benefits are required by law. Maternity and redundancy provisions fall into this category, as do occupational pensions to a lesser extent.

Other benefits, such as annual holidays or sabbaticals, are provided because companies recognise that employees are not machines and do require time off to recharge their batteries and attitude to work.

Increasingly, benefits are also provided to enable companies to remain competitive in the labour market. The forthcoming "Big Bang" in the City has led many financial institutions to come up with many varied and expensive benefits—ranging from a box at the Royal Opera House to cars and holidays for spouses.

There are, therefore, a multiplicity of reasons why companies offer fringe benefits to staff. But they can be broadly categorised into three main areas:

- Performance-related benefits. Usually given to staff who "earn" them through their position in the company hierarchy or as a result of specific goals being achieved. Company cars fall into this category as do annual bonuses or incentive travel; anything, in fact, that helps an employee feel that his or her standard of living has been enhanced.

- Security-related benefits. These are intended to make employees feel that they and their dependents will be looked after in the event of an unexpected event. Into this category fall redundancy agreements, life insurance, pensions, sick pay, and long-service contracts.
- Welfare-related benefits. The benefits earn the company the goodwill of its employees, even though they may have little motivational impact by being widely available throughout industry.

Provision of car perks, for example, or subsidised canteens fall into this category—as do annual holidays, season-ticket loan schemes, and medical facilities on the premises.

However, the company car remains for many employees the most obvious benefit of status and additional remuneration since the cost of buying and running a car is often the largest item of household budgeting after mortgages and holidays.

A recent British Institute of Management survey showed that the use of at least one company car was enjoyed by 98 per cent of chief executives, 90 per cent of other directors, and 96 per cent of managers, immediately below board level.

Moreover, some 85 per cent of the chief executives, 64 per cent of the subordinate directors, and 54 per cent of other top managers were allowed free petrol as well.

PA Personnel Services, which monitors executive remuneration levels, points out that company cars are the most difficult of all benefits to value.

They are provided more freely in Britain than almost anywhere else in the world and, as a result, are often undervalued by those who have use of them. "It says," says Mr Ian Smith, an author on pay and remuneration topics.

"While some job holders need them to fulfil their duties, the majority are given them as straight perks, with the size or quality of the car linked in some way with status."

How far a company car is actually a motivator to employees is also open to question. "The glossy view of the executive being spurred on up the company ladder not just by salary and status but by the prospect of a more attractive car does not seem to hold true in the real world of corporate life," argues Mr Ian Smith, an author on pay and remuneration topics.

The main elements in the fringe benefits package provided to the "typical" executive, according to PA, remain the company car, private petrol, medical insurance, payment of telephone expenses, and pen-

sions and other insurances.

In PA's most recent survey of fringe benefits, it found that 49 per cent of companies provided supplementary arrangements for their chief executives to top up their basic pension scheme. Only 28 per cent of companies in the PA survey, however, provided such individual arrangements for senior management.

PA also points out that, in spite of increased taxation, "it is interesting to note that 12 per cent of companies still have schemes in operation to provide personal and/or home payments to senior management."

It adds that a further 6 per cent of companies continue to provide assistance towards the payment of school fees and 5 per cent continue to provide second company cars.

Where executives have improved their position in the 1980s, however, is in the provision of incentives or bonuses. More than two-thirds of companies now operate such a system compared to under a third in 1979.

A stronger link is now also being formed between individual performance and the bonus paid. In the 1983 and 1984 PA surveys, for example, some 47 per cent of companies calculated bonus entitlements solely on some measure of company performance.

By 1988, however, only 42 per cent of companies calculated bonuses in this way, while 58 per cent take some, if not total, account of individual performance in determining bonus entitlements. The average bonus awarded rose from 10.2 per cent in 1985 to 14.7 per cent this year.

While such rewards can act as a great motivator for many employees, they—and some other types of fringe benefits—can actually act as demotivators. Those employees that are not given special perks—such as free private medical insurance—may feel that the company cares less about their health than it does for those employees who achieve this benefit.

Moreover, any attempt to remove established perks such as company cars—in a cost-cutting exercise, for example—can lead to a serious loss of staff and morale from those who see such perks as a "right."

The message, therefore, appears to be that while fringe benefits play an important part in the total remuneration of an employee, they must be handled with care to avoid having a negative effect on the company's operation—the opposite from what was intended.

David Churchill

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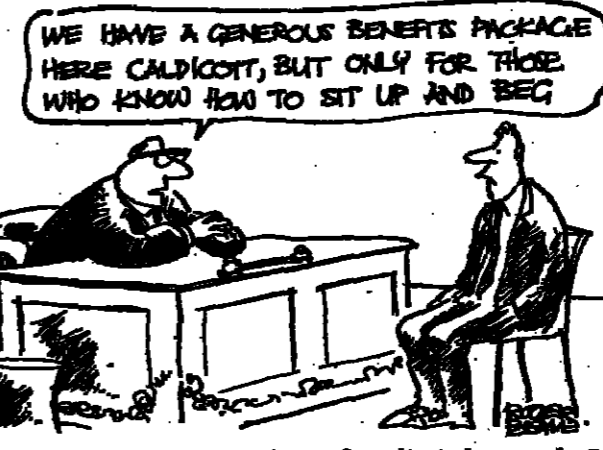
Benefit consultancies

Employee Welfare 4

THE SETTING UP, administering and communicating the various employee benefits is a complex affair. Employers need to understand how the benefit system works, what it provides for employees and how it can be arranged in the most tax-efficient manner for both the employer and employee.

benefits and welfare. Traditionally, these consultancy firms fell into two camps—those which handled pensions, long-term sickness and disability and those which advised on all other aspects of remuneration such as company cars, bonus schemes, share option schemes and medical sickness and hospital insurance schemes.

Hay-MIL and Inbucan, which have been in operation for many years. One of their strengths is the expertise acquired and the vast pool of data, continuously updated, on the practice of employers towards their employees' remuneration.



On this latter point, pensions law has become so complex that it needs the services of a legal firm specialising in pensions. The consultants, although they employ in-house lawyers, also liaise with these specialist firms.

Consultants have made great strides in the area of communication, primarily by employing experts rather than trying to do the job themselves. More and more use is being made of visual communication using videos, employing professional actors in the role.

Catering services

Under close financial scrutiny

CATERING, NOT surprisingly, has been one of the areas most under financial scrutiny by companies anxious to cut costs in the 1980s.

free drinks or meals from vending machines. This system means that staff can be subsidised for a certain amount of free food and drinks, with subsequent beverages purchased by the employee from the vending machine.

One of the key responses in the 1980s to the rise in catering costs has been for companies to use specialist contractors. Some 30 per cent of companies in the Industrial Society survey used outside contractors.

While many companies only give staff vouchers worth 15p a day to avoid tax problems, the average amount given to employees in Europe is about £2 a day.

Such companies are more likely to react to customers' preferences in terms of menus, offer more imaginative foods and services, and are less likely to be segregated.

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Form titled 'Putting people first' with fields for Name, Position, Company Name, Address, Tel. No., and Name of Financial Adviser (if any).

Advertisement for Kimberly-Clark featuring a silhouette of a person in a Kingguard boiler suit. Text includes 'OVERALL, THERE'S NO BETTER WAY TO PROTECT YOUR WORKERS.' and 'Cover-ups in industry have been making headlines this year. None more so than Kimberly-Clark's new Kingguard boiler suit.'

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UK COMPANY NEWS

DPCE growth continues with 45% profit rise

BY RICHARD TOMKINS

DPCE, the computer maintenance company which has acquired a reputation for turning in a 40 per cent growth in pre-tax profits each year, yesterday reported a 45 per cent increase from £2.91m to £4.23m for the year to June 30 1986.

The figure was buoyed by the proceeds from the previous year's rights issue which took the net interest receivable figure up from £370,000 to £900,000, but turnover also surged ahead from £18.51m last time to £27m.

The earnings per share figure, however, was dampened by dilution from the rights issue and an increase in the tax charge from 36 per cent to 39 per cent, and came out at 9p against an adjusted 7.1p last time. A final dividend of 1.32p is being recommended, making 1.5p for the year against an equivalent 1.5p.

Mr Harvey Tordoff, finance director, said the rate of turnover growth had not been matched at the pre-tax level because it reflected the acquisition of the Storage Technology businesses in the Netherlands and Belgium.

These previously loss-making businesses had contributed around £600,000 to profits, but their revenue contribution of £8.8m meant that they were still operating at a lower margin than the rest of the group's activities.

Mr Tordoff said DPCE was particularly pleased with the performance of its US operations which in their second year had contributed about £1m in revenue and £150,000 in profits. The mainstream UK activities had also performed well with new business from existing clients and additional customers.

DPCE views the prospects for the current year as excellent, with good growth coming from the US, strong advances in the Netherlands and Belgium and buoyant performance from the UK activities.

The company is looking for opportunities to open up operations in another European country.

comment

DPCE's pre-tax profits were

towards the lower end of the range of expectations, perhaps because some had underestimated the extent to which the building up of the sales operation would add to overheads, but the increase was nevertheless far ahead enough of the customary 40 per cent to leave the market satisfied. No company can maintain this rate for ever and one day that 40 per cent will turn out to be a painful hostage to fortune, but the day is not in sight yet: the market penetration of independent computer maintenance companies in the UK is still at only 5 per cent, leaving ample scope for growth even without the European expansion and these interesting foundations laid in the US. For the current year the City is confidently looking for at least 60p, putting the shares, at 240p, on a prospective p/e ratio of 18 after a 33 per cent tax charge. That is probably high enough: DPCE is a quality business with good prospects, but the price already reflects that, and these are not the days for heady multiples.

More O'Ferrall surges to over £2m

By Alice Rawthorn

More O'Ferrall, the outdoor advertising group, watched its shares rise by 15p to 165p yesterday in response to a five-fold increase in pre-tax profits to £2.85m in the first half of the year fuelled by growth in the poster advertising market and the acquisition of the poster company, Adabel.

"Although the acquisition of Adabel accounts for much of the growth in turnover we have seen a marked improvement in the UK poster market, where turnover for both the old More O'Ferrall and Adabel increased by 28 per cent," said Mr Russell Gore-Andrews, the company's chairman.

In the six months to June 30 More O'Ferrall increased turnover to £15.5m (£12.2m) and operating profit to £2.85m (£342,000). The interest charge rose steeply, however, because of the borrowings incurred by the acquisition of Adabel, to £245,000 (£163,000). Earnings per share rose to 4.5p (1.6p) and the board proposes to pay an interim dividend of 1.5p (1p) — last year's final was 3p.

More O'Ferrall bought Adabel — which markets poster sites in bus shelters — last year. Hitherto, Adabel had been an associate company in which More O'Ferrall owned a 50 per cent holding. In the first half of 1985 Adabel contributed £197,000 to More O'Ferrall.

The company has recently introduced faster, more flexible poster services for both Adabel and More O'Ferrall. It has also embarked upon a spoof advertising campaign for Adabel and on the sponsorship of a creative poster design award.

"Demand for posters is fairly firm at the moment," said Mr Gore-Andrews. "And we expect the improvement in our performance to continue into the second half."

In the current year More O'Ferrall is concentrating on augmenting its airport activities in conjunction with the British Airports Authority. It has just added sites at Belfast Airport and Heathrow's Terminal Four to its portfolio.

Continental Microwave 36% ahead at £0.9m

Increased international demand for communications equipment has boosted pre-tax profits at Continental Microwave (Holdings), a Luton-based USM company. The company yesterday reported profits up 36 per cent from £706,000 to £966,000 for the year to June 30 1986, on turnover higher at £10.98m compared with £8.74m.

The final dividend is increased from 2.25p to 2.75p net for a total of 4.5p (4p), an increase of 13 per cent. Stated earnings per 25p share were down from 20.5p to 17.4p basic, and were 18.4p (nil) fully diluted.

Another contributing factor to the company's improved profits was its new defence capability and a much improved second half in the US operation at RF Technology Inc.

Tax for the year rose from £205,000 to £218,000, and after dividends of £220,000 (£102,000), retained profits came out at £327,000, compared with £401,000.

Blanchards jumps 44%

Boosted by greater contributions from the London retail and UK contracts department and the estate agency, taxable profits of Blanchards, the USM-quoted interior designer and decorator, expanded by 44.3 per cent from £577,000 to £833,000 for the year ended June 30 1986.

This trend is expected to continue and in spite of a general economic downturn in the Middle East the directors stated that the current order book and the value and quality of projects under negotiation gave good cause to view trading and prospects with confidence.

After a tax charge of £204,000 compared with £219,000, earnings were given as 9.2p, against 6.66p, while, as forecast, there is a final payment of 3p hitting the total dividend to 4.5p.

Turnover amounted to £8.05m compared with a previous £12.53m.

In London the directors said that the range and diversity of interior decoration projects completed successfully for UK clients had increased markedly and there had been a perceptible improvement in the level of

work and enquiries for its services from corporate clients. The directors pointed out that the Clifton showrooms reduced losses substantially and the company expected further improvements from both the kitchen/bathroom business and Clifton Interiors.

In the Middle East and North Africa the company continued to attract substantial demand for its design and furnishing services.

The group's estate agency had an excellent year with demand for properties at the upper end of the market continuing strongly, the directors pointed out.

The new landscape company had secured several projects in the Middle East and good results were anticipated from this sector.

Delaney Group

Delaney Group, furniture maker and distributor, lifted pre-tax profits from £268,000 to £281,000 in the first half of 1986. This corrects yesterday's report on the interim results which quoted the net tax figures as pre-tax.

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Issue Price 100 per cent.

Payable as to 50 per cent. on 23rd September, 1986 and 50 per cent. on 23rd December, 1986

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| Hambros Bank Limited                 | Kansallis-Osaka-Pankki                       |
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Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the Notes (in the denomination of £5,000 and £100,000 each) to be admitted to the Official List. Interest is payable quarterly in arrears, in March, June, September and December, the first such payment being due on 23rd December, 1986.

Particulars of the Notes are available in the Enquiry Service. Copies of the Listing Particulars may be obtained during normal business hours on any weekday up to and including 23rd September, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 3rd October, 1986 from—

Scrimgeour Vickers & Co.,  
20 Cornhill Avenue,  
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19th September, 1986



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NEW ISSUE

This announcement appears as a matter of record only

September, 1986

## Republic of Austria

¥ 40,000,000,000

5 7/8 per cent. Bonds due 1996

ISSUE PRICE: 101 1/2 per cent.

and

¥ 20,000,000,000

5 7/8 per cent. Bonds due 2001

ISSUE PRICE: 101 1/2 per cent.

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Bank of Tokyo International Limited  
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Nippon Credit International Limited  
Salomon Brothers International Limited  
Sumitomo Finance International  
Swiss Bank Corporation International Limited  
Union Bank of Switzerland (Securities) Limited  
Yamaichi International (Europe) Limited

## APPOINTMENTS

# Reorganisation at Midland Bank

MIDLAND BANK has made a number of senior appointments following the decision, announced last March, to reorganise the group into four major sectors: retail banking, corporate banking, investment banking and international banking.

Mr John A. Brooks, deputy group chief executive, will assume responsibility for line operations throughout the group. Reporting to him will be the chief executives of the four main business sectors: Mr Ian Paterson (retail banking); Mr Brian L. Goldthorpe (corporate banking); Mr Ernst W. Brutsche and Mr Robert F. E. Logan (investment banking); and Mr Hervé de Carrey (international banking).

Mr John G. Harris, an executive director, will be responsible for central resource management, including communications, purchasing and property management, group consultancy and the administration of central services departments. Mr David Regal, chief financial officer, international, becomes special projects director. Mr Ian C. Morrison, an executive director, becomes group corporate affairs director.

Mr Michael J. Fuller, general manager, becomes UK operations director. He will exercise day-to-day responsibility for retail banking operations throughout the UK, while retaining his present responsibility for marketing. Mr A. E. (Eddie) Robinson, a general manager, becomes financial services director. Mr Denis C. Long, a general manager, becomes delivery systems director.

Mr David R. W. Potter becomes global corporate banking director. He will have responsibility for the group's largest multinational corporations (together with their UK subsidiaries) and the largest UK corporate customers. He will retain his Samuel Montagu directorship. Mr A. Ian Millen, a corporate financial director, becomes global specialist industries director, with responsibility for the group's relations worldwide with the shipping, aerospace and oil and energy industries and with non-bank financial institutions. Mr Rodney F. Baker-Sales, general manager, group corporate banking, becomes commercial banking director. He will progressively assume responsibility for the group's other key corporate relationships in the UK. Mr Geoffrey A. Freestone, general manager, credit and risk director, Mr Ian Cottrell, a director of Forward Trust Group, becomes business resources director.

Mr F. S. Wilkinson Jr, Mr M. W. Cashman Sr, Mr P. S. Mavros, and Mr C. J. Bowring, a director of Robert Fleming Insurance Brokers, who will furnish services to the new company.

CHANCERY SECURITIES has appointed Mr Michael S. Cohen as a banking consultant. He was previously a consultant to Brown Shipley & Co.

NEXT has appointed three executive directors: Mr David Charles Jones, Mr Peter Francis Lomas and Mr John Herbert Whitmarsh, and one non-executive director, Mr Herbert John Ham.

Mr Richard Holden has joined WESTWOOD INFORMATION TECHNOLOGY as managing director. He was managing director of CalComp Europe.

F. H. TOMPKINS has made the following subsidiary appointments: Mr John Starbuck as managing director of Twiflex, and Mr Peter Graham as managing director of Fifth Cleveland Engineering. Mr Starbuck was previously director and general manager of EMI-MEC and Mr Graham, general manager of two companies in the E-A Light group.

Mr David Wallis has been appointed director of NORMANS GROUP.

UNION BANK OF SWITZERLAND (SECURITIES) has appointed Mr Michael S. Cohen as a banking consultant.

He was with Gray Mackenzie Marine Services EC (Bahrain) as fleet manager. Mr Robert Goodall joins Tiphook Container Rental as marketing manager Europe. He was with International Container Leasing as sales manager.

Mr M. J. L. Kelly, chairman and chief executive of M. W. MARSHALL & CO, money-broking subsidiary of the Mercantile House Group, intends to retire during 1987. In the meantime he will remain chairman but will be succeeded immediately as chief executive by Mr M. J. Warren. At the time of Mr Kelly's retirement Mr Warren will be appointed chairman and Mr R. H. Smith will become chief executive. Mr Kelly will remain deputy chairman of Mercantile House Holdings.

To strengthen its marine reinsurance broking division the BRADSTOCK GROUP has purchased a controlling interest in a reinsurance broking company headed by Mr Vincent Byrne. This company has been renamed Bradstock Byrne & Partners and the directors, in addition to Mr Byrne, are Mr Giles Gledhill, Mr John Cliff, Mr Malcolm Stratton, Mr David Bradstock, Mr Helen Gibson, Mr David Flunkett and Mr Peter Creswell.

VIKING AIR FREIGHT and its associated export company, Freight International, has appointed Mr David Warrick as financial director. He joins from Unilever.

Mr Chris Bennett, formerly a chief manager (dealers) in BASKLAYS head office foreign exchange and money market centre, has been appointed a deputy treasurer of the bank. He is succeeded by Mr Trevor Case, formerly a deputy chief manager.

TIPHOOK, Bromley, has made the following appointments: Mr Ron Crawford joins Central Trailer Rental as operations director. He was with AI International Motor Engineering as managing director. Mr Rod Stovel joins Tiphook Container Rental as commercial director.



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**The Newport Argument**

### Changes at Littlewoods

Mr A. A. Hutchison, deputy group chief executive of THE LITTLEWOODS OF GREAT BRITAIN and managing director of the mail order division, is to retire on December 31, to concentrate on group strategic matters as deputy group chief executive. Mr A. J. McCann will join Littlewoods on October 1 as deputy managing director of the mail order division and will become managing director from January 1 when he will be appointed to the group board. Mr McCann joins from Allegheny International where he was corporate vice president. He was also president and managing director of Allegheny's Sunbeam international division.

Mr W. Hantley has been confirmed as managing director of the chain store division from October 1. He joined Littlewoods in October 1984 as director group management services and was appointed acting managing director of the chain store division on April 1 this year. Mr Hantley will relinquish the post of director - group management services on October 1.

Mr Bernard F. Horn has been appointed senior international executive for NATIONAL MINSTER BANK'S corporate financial services, international banking division, dealing with special financial services. He succeeds Mr Roger Byatt, who has been appointed regional general manager, corporate financial services. Mr Horn was controller of the bank's marketing and co-ordination section.

E. W. BLANCH CO, of the US, has completed the purchase of the outstanding equity in Bradstock Blanch previously held by Bradstock Group and the name of the company has been changed to E. W. Blanch (U.K.). The directors will be Mr R. V. Craig (chairman), Mr A. F. C. Fox (managing director), Mr P. S. Walker (financial director and company secretary), Mr S. F. Stahill, Mr E. W. Blanch Jr,

New Issue September 19, 1986 This advertisement appears as a matter of record only.

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Berliner Handels- und Frankfurter Bank	Chemical Bank Aktiengesellschaft
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Chase Bank AG	Citibank Aktiengesellschaft
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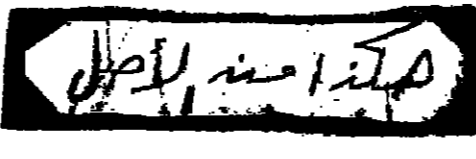
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LONDON RECENT ISSUES

Table of London recent issues including company names, prices, and changes.

Table of fixed interest stocks including company names, prices, and yields.

Table of 'RIGHTS' offers including company names, prices, and terms.

AUTHORISED UNIT TRUSTS

Table listing authorised unit trusts with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts with columns for name, manager, price, and other financial data.

Electronic Financial Services - The Key to Competitive Advantage. Includes contact information for FT Financial Times Conference Organisation.

THE FINANCIAL TIMES is proposing to publish a Survey on MARKET RESEARCH. Includes details on publication date and contact information.

F.T. CROSSWORD PUZZLE NO. 6,129

Crossword puzzle grid with clues for 1 down, 2 across, 3 down, etc.

Solution to Puzzle No. 6,128. Includes the crossword grid and the corresponding words.





INSURANCE, OVERSEAS & MONEY FUNDS

Handwritten scribble at the top center of the page.

Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

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Table listing various insurance and overseas funds, including company names, fund names, and numerical values.

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Bank Accounts

NOTES

TRADITIONAL OPTIONS

Table listing traditional options with columns for instrument names and values.



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound very weak

STERLING fell to its lowest level since the early 1970s...

£ IN NEW YORK

Table with columns: Date, Close, % Change, etc. for Sterling in New York.

Early trading saw the dollar fall below the DM 2.00 support level...

STERLING - Trading range against the dollar in 1986 is 1.6270 to 1.6770...

POUND SPOT - FORWARD AGAINST POUND

Table showing spot and forward rates for the Pound against the Dollar.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing spot and forward rates for the Dollar against other currencies.

EXCHANGE CROSS RATES

Table showing cross rates between various currencies.

EURO CURRENCY INTEREST RATES

Table showing interest rates for Euro currencies.

MONEY MARKETS

London rates rise as pound falls

INTEREST RATES rose on the London money market yesterday...

NEW YORK RATES

Table showing interest rates in New York.

MONEY RATES

Table showing money market rates.

FINANCIAL FUTURES

Gilts fall sharply

LONG TERM gilt futures suffered from heavy liquidation...

Table showing prices for Gilts and other financial futures.

and commented that it was hard to see how the market was going to dig itself out of the mire...

Table showing prices for US Treasury Bond Futures.

CHICAGO

Table showing prices for Chicago market futures.

CURRENCY RATES

Table showing currency rates for various countries.

OTHER CURRENCIES

Table showing rates for other currencies.

STERLING INDEX

Table showing the Sterling Index.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates.

LONDON MONEY RATES

Table showing London Money Rates.

FINANCIAL TIMES

IS PROPOSING TO PUBLISH

A SURVEY ON

MERSEYSIDE

Publication date: November 17th 1986

Copy date: November 3rd 1986

The major trends

The politics of Merseyside

Inner city policies

Merseyside's big employers

Merseyside's successes

The port and the freeport

Tourism—is this the future?

Barrage across the Mersey

Wavertree Technology Park

The Albert Dock Project

For a detailed editorial synopsis, please contact:

Brian Heron

Financial Times, Queen's House

Queen Street, Manchester M2 5HT

Tel: 061-834 9381 Telex: 666813

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

\$WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, LONDON DEALING ROOM.

The table below gives the rates of exchange for the U.S. dollar against various currencies...

Bank of America, Economics Dept., London

Expatriate Libor as of September 17, at 11.00 a.m.

3 months: 6 1/2 6 months: 6 3/4

ECU = \$US1.0285 SDRU = \$US1.2098

Shorly as of September 17, at 11.00 a.m.

3 months: 6 1/2 6 months: 6 3/4

Large table showing world value of the dollar with columns for Country, Currency, and Value of Dollar.

Commercial rate, (a) Not available, (b) Contracted, (c) Market, (d) Official rate, (e) Floating rate, (f) Public Transaction, (g) Agricultural, (h) Priority Rate, (i) Non-convertible, (j) Non-remittable, (k) Non-remittable, (l) Non-remittable, (m) Non-remittable, (n) Non-remittable, (o) Non-remittable, (p) Non-remittable, (q) Non-remittable, (r) Non-remittable, (s) Non-remittable, (t) Non-remittable, (u) Non-remittable, (v) Non-remittable, (w) Non-remittable, (x) Non-remittable, (y) Non-remittable, (z) Non-remittable.

BRITISH FUNDS

Table of British Funds including 'Shorts' (Lives up to Five Years), Five to Fifteen Years, Over Fifteen Years, Index-Linked, INT. BANK AND O'SEAS GOVT STERLING ISSUES, CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, LOANS, FOREIGN BONDS & RAILS, and AMERICANS.

AMERICANS—Cont.

Table of American Stocks including Chemical New York, American Express, American International, American Overseas, American Shipbuilding, American Standard, American Telephone, American Tobacco, American Trucking, American Waterways, American Wood, American Zinc, American Petroleum, American Airlines, American Express, American International, American Overseas, American Shipbuilding, American Standard, American Telephone, American Tobacco, American Trucking, American Waterways, American Wood, American Zinc, American Petroleum, American Airlines.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

Table of Building, Timber, Roads, and Drapery & Stores stocks including Balfour Beatty, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease, Bovis Lend Lease.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks including ICI, British Petroleum, Shell, Esso, BP, ICI, British Petroleum, Shell, Esso, BP, ICI, British Petroleum, Shell, Esso, BP.

DRAPERY AND STORES

Table of Drapery and Stores stocks including Debenhams, Debenhams, Debenhams, Debenhams, Debenhams, Debenhams, Debenhams, Debenhams, Debenhams, Debenhams.

ENGINEERING—Continued

Table of Engineering stocks including BHP, BHP, BHP, BHP, BHP, BHP, BHP, BHP, BHP, BHP.

INDUSTRIALS—Continued

Table of Industrial stocks including British Airways, British Airways, British Airways, British Airways, British Airways, British Airways, British Airways, British Airways, British Airways, British Airways.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, ICI, and various engineering firms, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure and entertainment stocks, including cinema chains and holiday companies.

PROPERTY—Continued

Table of real estate and property-related stocks, such as estate agents and property developers.

INVESTMENT TRUSTS—Cont.

Table of investment trusts, including various funds and trusts offering different asset classes.

FINANCE, LAND—Cont.

Table of financial and land-related stocks, including banks, insurance companies, and landowners.

MINES—Continued

Table of mining stocks, including gold, silver, and other mineral producers.

INSURANCES

Table of insurance companies and their stock prices.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies.

SHOES AND LEATHER

Table of shoe and leather goods companies.

SOUTH AFRICANS

Table of South African stocks, including mining and industrial firms.

OVERSEAS TRADERS

Table of overseas trading companies.

PLANTATIONS

Table of plantation stocks, including rubber and sugar producers.

LEISURE

Table of leisure stocks, including cinema and holiday companies.

PROPERTY

Table of property stocks, including estate agents and developers.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks.

MINES

Table of mining stocks.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

LONDON STOCK EXCHANGE

Sterling weakness arouses anxiety and Gilts tumble two points

Account Dealing Dates

\*First Declared Last Account Dealings Date... Sept 15 Sept 25 Sept 26 Oct 6 Oct 20

Government stocks were written by the pound's falling performance in foreign markets and recorded widespread losses yesterday.

Barclays softened a few pence at 42 1/2 as did Midland at 57 1/2. Lloyds were also 3 off at 44 1/2.

Sum Alliance, 9 down at 70 1/2. Composites were down with G&E and Composites at 81 1/2 and 81 1/2.

Equities were unaffected and international issues forged progressively. The FT-SE 100 share index was 14.5 up but interest rate speculation took hold.

Major talking points were confirmation after weeks of speculation of the Hanson Trust sale.

Equity turnover was on a reduced scale owing to TSB considerations. The IMF optimism was also a factor.

NatWest below best. Apart from NatWest, which added 6 at 54 1/2, the FT-SE 100 share index was 14.5 up.

FINANCIAL TIMES STOCK INDICES. Table with columns for Date, Index, and various stock categories like Government Secs, Financial Interest, Ordinary, Gold Mines, etc.

LONDON REPORT AND LATEST SHARE INDEX. Text providing a summary of the market conditions and key stock movements.

Fears that the current plight of sterling could put upward pressure on interest rates. The pound's weakness has caused a general fall in the market.

Grand Metropolitan, a firm market late on Wednesday reflecting revived takeover hopes, moved up to 41 1/2.

Glaxo higher. Renewed weakness in sterling, particularly against the D-Mark, unrelieved interest in selected international stocks.

Oil advance. A much firmer performance by crude oil prices following reports of a Saudi Arabian oil output in September.

output in September, under-planned the oil sector, which made good progress for much of the day before closing a shade below the day's best levels.

IC Gas continued to attract strong speculative interest. The shares fell back to 85 1/2 immediately following the lower-than-expected interim figures.

Following a broken visit to the company's Coventry plant to view the new 240 model range, the shares were suspended at 51 1/2.

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EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange data with columns for Series, Vol., Last, and various option types like Call, Put, etc.

TRADITIONAL OPTIONS

Table showing Traditional Options data with columns for Deal, Declared, Settlement, and various option types.

YESTERDAY'S ACTIVE STOCKS

Table showing Yesterday's Active Stocks with columns for Stock, Change, and Day's Price Change.

WEDNESDAY'S ACTIVE STOCKS

Table showing Wednesday's Active Stocks with columns for Stock, Change, and Day's Price Change.

RISES AND FALLS YESTERDAY

Table showing Rises and Falls Yesterday with columns for Rise, Fall, and Gain.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing FT-Actuaries Share Indices with columns for Index No., Day's Change, and various stock categories.

FIXED INTEREST

Table showing Fixed Interest rates with columns for Price Indices, Day's Change, and various interest rates.

NEW HIGHS AND LOWS FOR 1936

Table listing New Highs and Lows for 1936 for various companies and sectors.

BASE LENDING RATES

Table showing Base Lending Rates for various banks and financial institutions.

LONDON TRADED OPTIONS

Table showing London Traded Options with columns for Option, Vol., Last, and various option types.

\* Opening index 1613.7; 10 am 1613.7; 11 am 1613.7; Noon 1612.7; 1 pm 1612.4; 2 pm 1612.5; 3 pm 1612.5; 4 pm 1612.5. † First yield, high and low record, base rates, values and constituent changes are published in Saturday issues.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Canada, Denmark, Italy, Netherlands, France, and Switzerland. Columns include country, stock name, price, and change.

Table of Canadian stock markets including Toronto and Montreal. Columns include stock name, price, and change.

Table of stock indices including New York, London, and other regional indices. Columns include index name, value, and change.

OVER-THE-COUNTER

Table of over-the-counter stock prices with columns for stock name, bid, ask, and last price.

Table of Chief price changes in London, listing various stocks and their price movements.

Advertisement for Exxon Finance N.V. featuring a \$75,000,000 floating rate note due in 1991. Includes details on interest rates, redemption, and contact information.

Hand delivery service information for Bonn/Cologne/Düsseldorf/Eschborn/Frankfurt/Hamburg/Hessische Bergstrasse/Hochst/Munich/Offenbach/Ruesselsheim/Schwabmuench/Stuttgart/Wien.

Important tax information regarding withholding of 20% of interest and dividends for US investors.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div. Yld.	P/E	100s High	Low	Chg	Prev. Close	12 Month High	12 Month Low	Stock	Div. Yld.	P/E	100s High	Low	Chg	Prev. Close	12 Month High	12 Month Low	Stock	Div. Yld.	P/E	100s High	Low	Chg	Prev. Close
22 3/4	19 1/8	AAR	4.4	20	84	22 3/4	+	22 3/4	22 3/4	19 1/8	AGS	1.7	14	17 1/2	17 1/2	+	17 1/2	22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4
22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4	22 3/4	19 1/8	AGS	1.7	14	17 1/2	17 1/2	+	17 1/2	22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4
22 3/4	19 1/8	AGS	1.7	14	17 1/2	17 1/2	+	17 1/2	22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4	22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4
22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4	22 3/4	19 1/8	AGS	1.7	14	17 1/2	17 1/2	+	17 1/2	22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4
22 3/4	19 1/8	AGS	1.7	14	17 1/2	17 1/2	+	17 1/2	22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4	22 3/4	19 1/8	AAE	2.2	12	22 3/4	22 3/4	+	22 3/4



NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Sale, High, Low, Last, and Day. Includes sub-sections for 'Continued From Page 48' and 'Over-the-Counter'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Sale, High, Low, Last, and Day. Lists various stocks and their closing prices.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) national market closing prices. Columns include Stock, Sale, High, Low, Last, and Day. Lists a wide range of stocks.

Advertisement for 'Get your News early in Stuttgart'. Includes text about receiving the newspaper first, contact information for the Financial Times (Europe) Ltd., and a small graphic of a building.

